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FROM

*The Committee on
Taxation*

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**THE EXEMPTION OF IMPROVEMENTS
FROM TAXATION IN CANADA
AND THE UNITED STATES**

A REPORT

PREPARED FOR

**THE COMMITTEE
ON TAXATION
OF THE CITY OF NEW YORK**

BY

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Instructor in Economics
Columbia University

NEW YORK

1915

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The Committee on Taxation



COMMITTEE ON TAXATION OF THE CITY OF NEW YORK

APPOINTED APRIL 10, 1914
BY HONORABLE JOHN PURROY MITCHEL, MAYOR

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* Resigned January 12, 1915.

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INTRODUCTION

The following report represents results obtained from an investigation of the plan of exempting improvements from taxation carried on under the direction of the Committee on Taxation during the summer of 1914. The field work of the investigation was begun June 19th and completed September 17th. During this period the following cities and towns were visited in the order named: in the province of Manitoba, Winnipeg; in the province of Saskatchewan, Regina, Moose Jaw, and Saskatoon; in the province of Alberta, Edmonton, Leduc, Lloydminster, Ponoka, and Calgary; in the province of British Columbia, Vancouver and Victoria, and in the United States, Houston, Texas. The material presented which deals with the situation in other cities than those enumerated was gathered by correspondence, by conferences with persons acquainted with conditions in those cities or from printed sources.

The instructions under which the investigation was conducted were given through a letter signed by Professor E. R. A. Seligman, chairman of the executive committee, dated June 1, 1914, and through interviews with various members of the committee.

The method followed was first to present to the mayor of the city under investigation the credentials, signed by Mayor John Purroy Mitchel and Chairman Alfred E. Marling. In every case the resources of the city departments were thrown open without reserve. Inquiry was made among the various officials as to the general economic position, the financial situation and history of the city and the present system of taxation and its history. With these facts in hand, attention was turned to securing data which might be used to judge the effects of the system in force. Such statistics of value as were available were gathered and the opinions of the officials and the citizens of the town were sought. Particular care was taken to inquire as to the exact nature and composition of the statistics gathered, in order that such comparisons between cities as are desirable might intelligently be made.

The report is divided into two parts. Part One is an effort to state concisely all the available facts which may aid in understanding the system of taxation in force in the various cities or throw light upon its effects. So far as possible the critical analysis of the data has been reserved for the second part. Several members of the committee have emphasized their desire to be furnished with the facts—the raw material—in order that they may draw their own conclusions. It is hoped that the arrangement adopted will enable this to be done. One necessary result of such a policy, however, was the inclusion of some material which is of relatively slight value.

Even though all the cities were not visited by the writer, it was deemed advisable, in order to make the report comprehensive, to present a brief

statement of the facts in regard to the law in force for each city on the continent which, so far as is known, has made any change in its laws in the direction of exempting improvements. Moreover, some information is given as to the progress of the agitation for change in several places where modifications have not been made, as in the eastern provinces of Canada.

Part Two is devoted to an analysis of the material presented in Part One. An attempt is made to summarize the evidence, to make comparisons and to draw deductions. The conclusions reached are, of course, not based entirely upon the material presented in Part One, for it is impossible to transcribe the entire complex of facts and conditions which influence an investigator on the ground in forming his opinions.

Something should be said concerning the use of the term "single tax" in the report. What has been done in the cities of the United States and Western Canada has nowhere resulted in all revenues being raised from a tax on land values. Therefore it is inaccurate to describe the systems in force by the term single tax. Nevertheless, the systems in several of the cities closely approach the single tax and the term is very generally used by the residents of all of these cities to describe them. Moreover, the term has been used in this connection in print both by single taxers and by their opponents. As it is very convenient, it has been decided to adopt it in the discussion which follows.

The investigator is under deep obligation to many people for assistance given in connection with this undertaking. City and provincial officials have in all cases been most kind and generous in giving information and private citizens in every city visited have been most accommodating and unselfish in giving their time and attention to the needs of the committee. Specific acknowledgment of obligation is usually given where the material furnished is presented in the text, but the number of cases where acknowledgment is due is so great that many have doubtless been overlooked. It is hoped that a general expression of appreciation will be accepted by persons of whom this is true.

ROBERT MURRAY HAIG.

NEW YORK CITY, March 23, 1915.

PART ONE—THE FACTS

I. THE EXEMPTION OF IMPROVEMENTS FROM TAXATION IN CANADA

GENERAL CONSIDERATIONS

The various forms of special land taxes which have been adopted in Canada during the past forty years are the result partly of municipal and partly of provincial legislation. The situs of the taxing power in the Dominion is somewhat different from that in the United States and a word of general explanation may not be amiss at the very beginning.

In the United States the municipalities secure their authority to levy taxes from the states. In Canada, in a similar fashion, this authority comes from the provinces. Here, however, the states also delegate to the national government its powers of taxation. There, on the other hand, the provinces do not do so. The Dominion does not depend upon the provinces for its taxing power. In other words, the states in this country are ultimate taxing authorities, while the provinces of Canada are not. They merely exercise specific powers which have been granted to them.

The British North America Act of 1867 authorizes the Dominion Parliament to legislate concerning "the regulation of trade and commerce"(1) through customs and excise duties or otherwise and concerning "the raising of money by any mode or system of taxation."(2) These very comprehensive powers are limited by specific grants to the provincial legislatures of exclusive authority in respect to "direct taxation within the province in order to the raising of a revenue for provincial purposes" and in respect to "shop, saloon, tavern, auctioneer, and other licenses, in order to the raising of a revenue for provincial, local or municipal purposes." (3) These sections go far toward insuring separation of the sources of national and provincial revenues(4) and place the direct taxes under the control of the provinces. The language of the North America Act has been so construed as to permit the provinces to delegate to municipalities the power to levy direct taxes.(5)

The delegation to the Dominion of the right to levy customs and excise duties involved the surrender of privileges by the provinces. In return for these and for other concessions, a system of subventions was evolved which provided for the transfer annually of considerable sums from the Dominion to the various provincial treasuries. Without going into the

(1) Solomon Vineberg, *Provincial and Local Taxation in Canada* (New York, 1912), p. 17 *et seq.*

(2) British North America Act, art. 91.

(3) *Ibid.*, art. 92.

(4) Subventions, of course, form a large part of the provincial income.

(5) *Dow v. Black*, L. R., 6 P. C., 272, in 1 Cartr., 95. Quoted by Vineberg, *op. cit.*, p. 21.

details of this arrangement here, it may be said that these sums are so substantial as to make the problem of provincial financing much more simple than it otherwise would be. This in turn has operated to encourage the separation of the sources of provincial and local revenues, which has proceeded to a point of great completeness. This fact is of large significance in connection with the question in hand. The Canadian system is flexibility itself compared with the tax system in the American states, and one cause for the ease with which radical legislation is adopted is that the action of one community does not directly affect other cities. Where a tax base is used to supply only one municipality it may, of course, be changed much more readily than when a number of municipalities depend upon it for their revenues.

Another cause for the flexibility of the Canadian system lies in the comparative freedom of legislation from court interference. Specific guarantees of the rights of property in written constitutions, strictly interpreted by the courts, which are the stumbling blocks of so many radical proposals in the United States, are noticeable for their absence in Canada. "Taxpayers' suits" seem to be accorded a less hearty reception in the courts. The effect is of considerable importance.

As a rule the larger cities of Canada operate under special charters and the less important municipalities under general municipal acts passed by the legislatures. Wide differences exist between the provinces in the readiness with which the legislatures co-operate with the municipalities in their attempts to secure changes in their tax systems. In Saskatchewan, Alberta and British Columbia, the legislatures have opposed no obstacles in the way of the consummation of the plans of the municipalities. Indeed, in these provinces the legislatures have in some instances been the aggressive forces in the movements toward the special taxation of land. In Manitoba and Ontario, on the other hand, the land-tax advocates have found the legislatures opposed to their plans.(1)

(1) Such opposition seems to be at least partly ineffective, however, for in both provinces the municipalities disregard, in large measure, the existing statutes requiring uniformity of assessment.

A. THE EASTERN PROVINCES

Although no definite action has been taken in the eastern provinces, the proposal to reduce the tax on buildings has been seriously discussed. In Nova Scotia, New Brunswick and Ontario the agitation has developed considerable strength. In Prince Edward Island and Quebec, however, little interest seems to have been aroused.

NOVA SCOTIA

In Nova Scotia great dissatisfaction has been expressed with the present tax system. A number of innovations have been proposed, among them the municipal single tax.(1) The Union of the Nova Scotia Municipalities, at its meeting in 1912, was asked to consider this proposal.(2) But "while the tone of the convention was favorable, it was decided to urge upon the Government the desirability of investigating thoroughly by commission the municipal assessment and taxation system with a view to improving the Nova Scotia systems." In 1912, moreover, there was introduced into the legislature of Nova Scotia a bill having for its object the lower assessment of buildings. Each year since that time a similar bill has been introduced, but each time it has failed of passage.(3) Several times it has passed the lower house, only to meet with defeat in the Legislative Council. The bill as introduced in 1914 proposed to make possible the reduction of the assessments on improvements and personalty, either through action of the local councils or by vote of the electors at an election secured by petition.(4) In case of council action a two-thirds vote was required. The election method required a petition from the rate-payers representing twenty-five per cent. of the total assessment and a favorable vote from fifty per cent. of the whole number of persons entitled to vote on such questions. It was provided further that the assessment could not be reduced more than twenty-five per cent. in any one year.

NEW BRUNSWICK

In the cities and towns of New Brunswick for a number of years there has been great interest in the question of reducing the tax on buildings. On September 28, 1911, the council of the town of Newcastle petitioned the provincial legislature for an act permitting municipalities to reduce or abolish "taxes on polls, improvements, personal property and income, or any one or more of these, and raise its revenues by means of a land tax, with or without a poll tax and with or without a system of business

(1) *Canadian Municipal Journal*, IX, p. 53 (February, 1913).

(2) *Ibid.*, VIII, p. 386 (October, 1912).

(3) *Ibid.*, p. 381; IX, p. 16 (January, 1913).

(4) Through the kindness of Mr. R. M. MacGregor, who has been responsible for the introduction of these measures in the legislature, a copy was secured of the bill which was introduced in the session of 1914.

licenses.”(1) In the summer of 1911 it was reported that a committee appointed by Mayor Frink of St. John had recommended the adoption for that city of the system in force in Vancouver and Edmonton.(2). The Union of the New Brunswick Municipalities, at its convention in 1912, placed itself on record as in favor of the land-tax plan.(3) The resolution, which was passed by a large majority, was in substantially the same form as the measure passed by the Newcastle council.(4) The action of the Union of New Brunswick Municipalities was followed by applications from the cities of St. John and Moncton and from the town of Campbellton for authority to reduce the tax on buildings. No action has been taken by the legislature, however.

The prospect for the immediate adoption of the plan in New Brunswick is not bright. Land values are not increasing rapidly and taxes are already considered fairly high.(5) It is thought that certainly nothing will be done during the presence of the disturbed conditions caused by the war.(6)

ONTARIO

The reduction of the tax on improvements has assumed the importance of a political issue in the Province of Ontario. As early as 1909 the movement was under way. In 1910 the first bill was introduced into the legislature. In the summer of 1911 the convention of the Union of Municipalities of the province adopted a resolution asking that the municipalities be empowered to “discriminate between different classes of property by placing a lower tax rate on buildings, improvements, incomes, and business assessments than on land values, or by assessing buildings and improvements at a lower proportion of their value than land values; any change in rates of assessments to be determined by the municipality.”(7) Three hundred and sixty-seven of the municipalities signed a petition asking the Provincial Government to grant them the rights outlined in the above resolution.(8) Measures embodying these ideas were again introduced into the legislature in 1912 and 1914, but failed of passage.

The law as it stands in Ontario provides for the assessment of both land and buildings at full value. That this requirement is not observed in practice was the contention made in an article which appeared in the *Toronto Globe*.(9) In this article it was pointed out that many municipalities were, without the sanction of law, actually assessing improvements at

(1) F. J. Dixon, *Progress of Land Taxation in Canada*.

(2) *Single Tax Review*, XI, p. 39 (July-August, 1911).

(3) *Canadian Municipal Journal*, VIII, p. 50 (February, 1912).

(4) *Ibid.*, p. 385 (October, 1912).

(5) Letter from Prof. W. C. Kierstead, of the University of New Brunswick, dated December 16, 1914.

(6) Letter from Mayor James H. Frink, of St. John, under date of December 10, 1914.

(7) F. J. Dixon, *op. cit.*

(8) C. B. Fillebrown, *Thirty Years of Henry George*, p. 5 (Boston, n.d.); *The Square Deal* (Toronto), XII, No. 134 (November, 1914).

(9) Quoted in *Canadian Municipal Journal*, IX, p. 50 (February, 1913).

a much lower rate than land. The following data were submitted in support of the statement:

PERCENTAGE OF REAL VALUE REPRESENTED BY THE ASSESSMENTS
IN SELECTED RURAL MUNICIPALITIES IN ONTARIO

	Land.	Improvements.
Artemesia	60	33½
Burbrook	75	25
Brownley	66⅔	50
Cairstor	30	33⅓
Draper	66⅔	50
Emily	80	66⅔
Garapaxa	66⅔	33⅓
Hervey	70	25
Hinchinbroke	33½	12½
Hungerford	100	30
Keppel	50	15
Longuenil	58	33⅓
Macaulay	62½	45
Margillivray	80	35
Metcalfe	95	60
Raleigh	80	30

In Toronto the agitation has reached an acute stage. In 1912 Mr. James C. Forman, the assessment commissioner of the city, was delegated to visit the cities of western Canada for the purpose of inquiring into the systems of taxation. Upon his return he prepared a report(1) and published this as his conclusion:

In view of all the circumstances, and having regard to the rapid growth of the city (Toronto), and the ever-increasing demands caused by the city's development, I am of the opinion that no change should be made in the present system of assessment. However, were it not for the needs of the city, and speaking personally, I would favor a lower rate of assessment on the value of improvements.(2)

The city council, nevertheless, decided to refer the question to the electorate. As put before the people in January, 1913, the question read: "Are you in favor of applying for legislation to assess buildings, business tax, and incomes on a lower basis than land?" This proposal was carried in January, 1913, by an overwhelming vote.(3) A committee waited upon the Premier, Sir James Whitney, to urge him to stand sponsor for this measure, but they received no encouragement.(4) The opposition of Sir James Whitney and the Conservative Party apparently continued to be an obstacle which prevented favorable action on the question by the provincial legislature. In the elections held in the summer of 1914 the question was made one of the issues by the Liberal Party. It was mainly because of the attitude of the Conservative Party on this question that the *Ottawa Citizen* decided

(1) Report on Taxation of Improvements by Assessment Commissioner of Toronto (1912, 11 pp.).

(2) *Ibid.*, p. 10.

(3) 25,773 to 6,440. *The Square Deal*, loc. cit.; Fillebrown, *op. cit.*, p. 5; Dixon; *op. cit.*; *Canadian Municipal Journal*, IX, pp. 52-53 (February, 1913).

(4) *Single Tax Review*, XIII, No. 1, p. 73.

to withdraw its support from the Conservatives, and for the first time since confederation to support Liberal candidates.(1)

The tax issue, however, was only one of a number of issues of influence in the election, which resulted in a victory for the Conservatives. Too much weight, however, should not be given to the returns as an indication of the status of public opinion in Ontario on this question, for the other issues were of more importance. The chief figure among the opponents to the plan to reduce the tax on buildings, Sir James Whitney, died in the fall of 1914, and the land-tax advocates expect his successor to assume a more favorable attitude toward their plan.

(1) Quoted in *The Leader* (Regina), June 24, 1914.

The following extract is taken from an editorial of June 23rd:

"*The Citizen* has been aggressively advocating local option in municipal taxation for over five years. Sir James Whitney obstinately refuses to grant this fundamental measure of reform. The municipalities need it, and most of them want it. The rate-payers of the city of Toronto last year voted 4 to 1 in favor of it. The Ottawa City Council on three different occasions has voted for it. Mr. Rowell (Liberal) has definitely promised to grant it if he is returned to power. Hence *The Citizen*, for the first time since confederation, will support the candidates who are opposing the Provincial Conservative Party."

B. MANITOBA

The Province

The Province of Manitoba embraces within its boundaries most of the great agricultural region lying directly north of the states of Minnesota and North Dakota. It is the easternmost and the best developed of the three prairie provinces, and its chief city, Winnipeg, is the center of the grain business for the greater part of this immense area.

No provincial revenues are raised through land taxes.(1) The total receipts of the province for the year ending November 30, 1913, were \$12,352,257.64, of which more than one-half is credited to the following three items: balance from the year before (\$3,552,083.87); "Open Ledger Accounts" (\$2,117,441.21); and "Trust Accounts" (\$626,714.16). The "Consolidated Revenue Fund" shows receipts of \$5,788,069.98. Nearly one-third of this sum (\$1,688,244.98) was in the form of subventions from the Dominion of Canada. The department of telegraphs and telephones contributed approximately a second one-third (\$1,814,407.45). The sale of provincial lands yielded \$323,769.41; fees for land titles, \$328,137.05; corporation tax, \$143,413.12; railway tax, \$205,358.11; and liquor licenses, \$162,466.25.(2)

The Municipalities

Municipal government is administered in Manitoba under four types of organization: the city, the town, the village, and the rural municipality. At the end of 1913 there were within the limits of the province four cities, sixteen villages, twenty-nine towns and one hundred and three rural municipalities. Two of the four cities, Winnipeg and Saint Boniface, operate under special charters. All the other municipalities carry on business under "The Municipal Act"(3) and under "The Assessment Act."(4)

Under the terms of The Municipal Act, a rural municipality consists of "a municipality other than an incorporated city, town or village."(5) In order to secure incorporation as a village a locality must contain 500 persons whose residences are "sufficiently close together to form a corporation" (6), which means that they must be included within the limits of a tract of not more than 640 acres.(7) This is the limit of the area of a village unless the population should exceed 2,000, in which case 160 additional acres may be added for each additional 1,000 population.

To become a town a community must contain a population of 1,500.(8)

(1) A possible exception to this statement is the tax levied in municipalities for support of the municipal commissioner, a provincial officer.

(2) Sessional Papers, no. 1, 4 Geo. V, 1914, p. 4 *et seq.*

(3) Rev. Stat., Manitoba, c. 116, s. 1.

(4) *Ibid.*, c. 117, s. 1.

(5) *Ibid.*, c. 116, s. 2(a).

(6) *Ibid.*, s. 9.

(7) *Ibid.*, s. 12.

(8) *Ibid.*, s. 14.

As in the case of villages, the area is limited to 640 acres in case the population is less than 2,000, and may be extended 160 acres for each additional 1,000 population.(1)

To create a city under the law as it now stands, the community must contain at least 10,000 people.(2) At the present time one city in the province, Portage la Prairie, contains only 7,000 persons.

The general law governing the systems of taxation in all of the various classes of municipalities in the province, with the exception of the cities of Saint Boniface and Winnipeg, is included in The Assessment Act. This act prescribes that "all property shall be liable to municipal taxation," subject to certain important exceptions which are enumerated.(3) In addition to the usual exemptions made in the case of public property and the property of educational institutions, hospitals, churches and cemeteries, the law exempts "all grain, cereals, flour, live or dead stock, the produce of the farm or field, in store or warehouse, and at any time owned or held by or in possession of any person in any municipality, such person not being the producer thereof, and being so held or possessed solely for the *bona fide* purpose of being conveyed by water, or railway, for shipment or sale at some other place; and all cord wood; all produce from lands occupied as a farm or garden; all horses, cattle, sheep, swine, poultry and other farm stock; and all farming implements and machinery used by farmers in the ordinary occupation of farming, and when kept upon the lands or farms of *bona fide* agriculturists or farmers."(4) The above exemptions, taken in conjunction with the clause which relieves from taxation "household effects and furniture, books and wearing apparel of any kind whatever, in use by the person assessed or his family" result, in the rural municipalities, in the burden of taxation being shifted almost entirely to real estate. But even real estate, although defined in general to "include all buildings and other things erected or affixed to the land"(5), is given special treatment when assessed for taxation in rural municipalities. Here it is prescribed that all "lands improved for farming, stock raising or gardening purposes shall be assessed at the same value as such lands would be assessed if unimproved" and "the ordinary farm residences and buildings upon any piece of land shall be considered as improvements for farming purposes within the meaning of this section."(6) In the case of lands improved for other purposes than farming, stock raising or gardening, improvements are added to the assessment; but even then the council, in case the improvement is for the purpose of a local industry, may order the assessment on the improvements to be reduced one-half.

It is seen that in consequence of these generous exemptions the taxes

(1) Rev. Stat., Manitoba, c. 116, s. 17.

(2) *Ibid.*, s. 21.

(3) *Ibid.*, c. 117, s. 5.

(4) In order to claim exemption of farm stock and implements it is necessary that the individual be a *bona fide* resident of the municipality. *Ibid.*

(5) *Ibid.*, s. 2.

(6) 1 George V, c. 32, s. 1 (28).

are raised in the rural municipalities from a base that is composed almost entirely of land value.(1)

The rule of valuation prescribed for cities, towns and villages is that "all real and personal property may be assessed at less than actual value or in some uniform and equitable proportion of actual value so that the rate of taxation shall fall equally upon the same."(2) In assessing stock-in-trade the assessor is directed to list the average stock-in-trade kept on hand during the twelve months preceding the time of assessment.(3) Poll taxes and "statute labor" are provided for.(4)

The rural municipalities, then, are practically on a land tax basis. Towns and villages tax improvements and stock in trade. This is true also of those cities which operate under the general provincial statutes.(5)

Winnipeg, by amendment to her charter, assesses land and improvements at two-thirds of their value.(6)

The second city in size in the province, Brandon, makes an even greater concession to buildings than Winnipeg, although it operates under The Municipal Act and The Assessment Act, which prescribe that both land and buildings shall be assessed at full value. Without any express legislative authority whatever the practice is to assess land at or near its full value and buildings at approximately fifty per cent. of their value.(7)

The city of Saint Boniface, which is almost a part of Winnipeg, operates under a special charter; but merely by the direction of the council and without distinct legislative authorization, the assessment commissioners of the city undervalue buildings fifty per cent. while assessing land at its full value.(8)

Portage la Prairie, the fourth city of the province, is supposed to be controlled by the general provincial statutes but here also improvements

(1) "All buildings and machinery used in connection with a creamery or cheese factory" whether located in a rural municipality or elsewhere "and the land actually occupied by said buildings not to exceed one acre in area" are also relieved from taxes. R. S., M., c. 117.

(2) 1 George V, c. 32, s. 1 (29).

(3) *Ibid.*, s. 1 (35).

(4) *Ibid.*, s. 113.

(5) The following table gives financial data for the cities of Manitoba in the year 1913:

	Population.	Assessed Value of Real and Personal Property.	Tax Imposed.	Debenture Debt.
Brandon	17,280	\$13,873,904	\$395,949	\$2,864,639
Portage la Prairie.....	7,000	4,459,335	110,511	912,702
St. Boniface	11,469	18,253,480	374,014	2,695,079
Winnipeg	184,730	259,419,520	3,372,453	37,006,727

(6) For a full description of the situation in Winnipeg, *cf. infra*, p. 21.

(7) Acknowledgment of indebtedness is made to Mr. Harry Brown, city clerk, for the information given above in regard to the city of Brandon.

(8) Information given in regard to Saint Boniface was furnished by J. B. Cote, city clerk.

are undervalued, being assessed at approximately sixty per cent., while land is assessed at its full value.(1)

The question of securing direct legislative authorization for still further reductions in the tax on improvements as compared with land, has been the subject of live interest in Manitoba for some time. The reduction secured for Winnipeg in 1909 was followed by an unsuccessful demand for further reduction in 1911. In the platform adopted by the Liberal Party at the time of the elections held in the summer of 1914, was included a plank calling for "municipal autonomy in local taxation." The convention resolution dealing with this matter reads as follows:

"Resolved: That this convention go on record as favoring legislation which will give municipalities local option as to classification of properties for taxation."(2)

This was generally accepted as a declaration in favor of exempting improvements. Although the Liberal Party suffered defeat by a narrow margin, several of their candidates were elected, one of the number being Mr. F. J. Dixon, a prominent single-taxer who stood for election in one of the districts in Winnipeg. What effect this may have upon the opposition of the provincial authorities remains to be seen.(3)

(1) Acknowledgment of indebtedness for the information given in regard to Portage la Prairie is due Mr. W. R. Grieve, secretary-treasurer.

(2) *Winnipeg Free Press*, June 20, 1914.

(3) On May 12, 1915, the resignation of the Conservative Ministry was announced. The new Government is to be Liberal. *New York Times*, May 13, 1915.

(1) WINNIPEG

THE CITY

In Winnipeg, the largest city in the Canadian West and the capital of Manitoba, improvements are assessed at two-thirds of their value. The population in 1914 was 203,255, which is a substantial increase over 1913, an almost unique distinction in this region. The city is located in the south-central portion of the province in the heart of a rich agricultural section. Provided with ample railway facilities,(1) it is the center into which is brought the great grain crop of the prairie provinces.(2)

In addition to the business centered in Winnipeg connected with the marketing of grain, there are extensive manufacturing plants which are attracted largely by the cheap power.(3) The city-owned plant, generating current from water power, supplies it in large quantities at rates as low as eight-tenths of a cent per kilowatt hour.

The city owns an unusually large number of business enterprises. In addition to the electric plant mentioned above, it owns stone quarries, a gravel pit, an asphalt plant and a sand bank. It also owns the water works, including a high-pressure system for fire protection.(4)

The city finances are, of course, greatly affected by these facts, the receipts of the revenue account for the year ending April 30, 1913, amounting to the large sum of \$4,462,965.47. If, from this sum, however, the receipts from the water works and the electric system be deducted, the total revenue of Winnipeg for the fiscal year was \$3,454,330.87. Of this amount "general taxes" are credited with \$2,828,103.11, or 81.9 per cent. There is a tax on the Winnipeg Electric Railway Company, consisting of five per cent. of the gross earnings and twenty dollars for each car, which yielded the city \$111,448.74. \$131,890.80 was received from licenses.(5)

(1) Winnipeg is served by the Canadian Pacific, the Great Northern (Midland), the Grand Trunk Pacific and the Canadian Northern railroads.

(2) Winnipeg claims to be the largest grain center in the world. Its receipts in 1913 were wheat, 174,710,050 bushels, and oats, 78,540,150 bushels. *Municipal Manual*, 1913, pp. 122-124.

(3) In the "Blue Book" issued by the Winnipeg Industrial Bureau in 1913, 366 factories of various kinds are listed and twenty-six new factories had been located in the city between the date of issue of the book and June, 1914. At the end of 1913, it was claimed that approximately 18,000 hands were employed and that the invested capital amounted to approximately \$43,000,000. *Mun. Man.*, 1914, p. 125.

(4) In addition the telephone system is owned by the province.

(5) A great variety of license charges are imposed, varying from a forty-cent charge on automatic candy machines in theatres to \$500 on circuses of above a certain size. Some of the more interesting charges are: business colleges, with seating capacity of fifteen persons or less, ten dollars, with fifty cents additional charge for every seat above that number; restaurants, ten dollars, plus one dollar for each seat above ten; dog kennels, fifteen dollars; and ice dealers, \$200.

The city's bonded indebtedness at the end of 1913 is shown in the following table:

MUNICIPAL DEBT (a)

General	\$7,734,707	27	
General—Schools Repayable by School Board.....	2,500,000	00	
General—City's Share of Local Improvements.....	1,162,018	60	
Water Power	6,542,000	00	
Water Works	6,579,985	62	
Local Improvements, Special Assessments.....	12,488,015	65	
			\$37,006,727 14
Sinking Fund in Hand.....			3,863,604 55

(a) December 31, 1913. Municipal Manual, 1914, p. 59.

It will be seen from the table, special assessments play a large rôle in the financial system of Winnipeg, approximately one-third of the total outstanding debt being based upon assessments levied to pay for local improvements. Special assessments and special taxes of various types are levied for a great variety of purposes, including, in the order of their importance in 1914, pavements, sewers, sidewalks, street openings, ornamental street lights, boulevard maintenance, boulevards, sewer connections, private approaches, plumbing, areas and coal chutes, tree planting and ornamental gateways. The table also shows the measure of assistance given to local improvement projects by the city from general funds to be approximately nine per cent. of the total cost. In general, aid is given very sparingly. For example, no repaving costs are paid from general funds, the entire charge being met by the property owners. The abundance of building materials near at hand makes the cost of local improvements relatively low.

THE TAX SYSTEM

In Winnipeg, as has been seen,(1) dependence for the bulk of the revenue is placed upon the business tax and the real estate tax.

The Business Tax

The business tax was introduced in Winnipeg in 1893. Previous to this time personal property had been taxed.(2) The adoption of the business tax seems to have found its origin in the desire on the part of the wholesale houses in the city to extend aid to the retail concerns during the period of depression which then existed.(3) The personal property tax was swept away and a rate was levied upon the rental value of the premises occupied for business purposes. The rental values assumed for the purpose of this tax were, however, very different from the actual rentals paid; for the rentals paid for the business premises where much space was used at a low

(1) *Supra*, p. 21.

(2) 9 Ed. 7, c. 78, ss. 20, 21 and 29. Cf. Solomon Vineberg, *op. cit.*, p. 49 *et seq.* Obligation is acknowledged to Mr. J. F. Kennedy, Secretary of the Retail Merchants' Association, for information furnished.

(3) This is the explanation given by Assessment Commissioner J. W. Harris. Cf. also Proceedings of Eighth Annual Conference of the National Tax Association, 1914, p. 442.

rent were weighted so as to throw a heavier burden upon such businesses as compared with those businesses which were forced to pay high rentals for small space. Minor changes were made from time to time in the discrimination between the various classes of business. At one time the range of variation in the assessment of different classes of business was from three to seven and one-half; at another time the range was from three and one-half to five.

The arrangement was originally adopted in 1893 as a temporary measure, but it was continued from year to year until 1907, when modifications in the assessed rentals depending upon the space occupied were swept away and a flat rate of eight and one-third per cent. was levied upon all business rentals.(1) Because of the objections, however, of retail merchants and hotel owners, this plan of taxing rentals without qualification was abandoned in 1908, and the old system was re-introduced for that year. In 1908 a commission was appointed to investigate the situation, and its recommendation was that the plan used in 1907 be re-introduced. "The members of this Commission," reads the report, "unhesitatingly consider that the proper basis for this assessment is that of rental value." The only exemption recommended was that of business colleges; and the only case of discrimination in treatment that of hotels. The proposal of this commission was adopted, and since 1909 the city of Winnipeg has levied a business tax based upon rental values at the rate of six and two-thirds per cent. Hotels are assessed on the annual rental value of ground floors only.

It must be carefully borne in mind that the Winnipeg rate is applied to rental values and not to actual rentals paid. In many cases the rental value as determined by the assessor does not agree with the rental paid. Perhaps the most frequent cause is that of long time leases under whose terms a business man may be paying after a lapse of some years a rental considerably less than the rentals which are being charged for similar accommodations in his vicinity. The administrative officials in charge of the tax system in Winnipeg feel that any other basis than estimated rental values as a basis for the business tax would be an impossible arrangement.(2)

In 1911 considerable dissatisfaction was expressed with the business tax, but the opposition did not make itself effective. In 1914 the retail merchants of the city decided to inaugurate a campaign to secure a change in the system. They felt that, because they were compelled by the nature of their business to occupy expensive quarters on the main streets, they were discriminated against under a tax which was levied on the rental

(1) It seems to have been the practice to impose the general rate on the rental values. In 1900, however, when the general rate was $23\frac{1}{4}$ mills, the business rate was twenty mills. It was twenty mills the following year also when the general rate was $20\frac{1}{2}$ mills.

(2) According to Assessment Commissioner Harris the plan of levying the tax upon actual rentals paid has been tried with very unsatisfactory results in some of the smaller cities of Manitoba.

basis as compared with the wholesalers, who carried on an enormous business in commodious quarters in the low rent districts.(1)

A change in the business tax involves an amendment to the city charter and an opportunity to secure such an amendment from the provincial legislature did not present itself in 1914. The agitation for a change still continues, however.(2)

On the whole there is little criticism of the judgment of the assessors in calculating the rental values of the land, although there are occasional instances of extreme dissatisfaction.(3)

The revenue obtained from this source is very considerable. The business assessment and the amount of the tax levied on this base for each year from 1893 to 1914 are shown in the following statement:

BUSINESS TAX BASE AND LEVY (a)

	Assessment.	Tax Levied.
1893.....	\$3,034,100 00	\$59,468 36
1894.....	3,240,380 00	63,511 44
1895.....	3,043,480 00	60,869 60
1896.....	3,061,770 00	61,235 40
1897.....	3,086,090 00	61,721 80
1898.....	3,181,020 00	68,391 93
1899.....	3,469,630 00	73,729 63
1900.....	3,761,460 00	76,201 40
1901.....	4,050,170 00	81,515 65
1902.....	4,676,950 00	108,739 09
1903.....	5,399,490 00	116,089 03
1904.....	7,108,080 00	120,837 36
1905.....	8,941,560 00	176,148 73
1906.....	(b) 10,887,175 00	194,880 43
1907.....	2,960,808 00	246,734 00
1908.....	13,316,220 00	199,743 30
1909.....	(b) 3,093,774 00	206,251 60
1910.....	(b) 3,362,007 00	224,133 80
1911.....	(b) 4,037,475 00	269,165 00
1912.....	(b) 4,619,280 00	307,952 00
1913.....	(b) 5,882,958 00	392,197 20
1914.....	(b) 6,573,951 00	438,263 40

(a) Comptroller's Report, 1913. The 1914 figures are furnished by Assessment Commissioner Harris.

(b) Not capitalized; subject to direct percentage rate.

(1) An example was given of a wholesale house occupying a seven-story building with a frontage of fifty feet and a depth of one hundred and fifty feet, and doing a business of approximately \$1,500,000 a year, whose business tax under the present arrangement amounted to \$833.40; and a piano store that occupied quarters with thirty-five feet frontage and seventy-five depth with basement, with an annual turn-over of less than \$250,000, whose business tax was approximately the same—\$800.

(2) Letter from J. F. Kennedy, Secretary, Manitoba Provincial Board, Retail Merchants' Association of Canada, under date of January 19, 1915. Cf. *The Commercial* (Winnipeg), October 3, 1914, p. 16 *et seq.*

(3) A letter from a retail merchant reads: "We have just received our notice of assessment for the business tax for 1914 and the city proposed to charge us a rental value of \$10,800 per annum, which, while less than our actual and exorbitant rent, is considerably more than that charged the firm in a larger store across the street from us; and needless to say many times more than that charged big wholesale warehouses doing from ten to twenty times the business. We do not propose to stand for this state of affairs, and will be glad of your help and advice in the matter."

The Real Estate Tax

Before 1909 real estate in Winnipeg was assessed under the following charter provision:(1)

The assessment of lands shall be so made that taxation shall fall equally upon the same according to a *pro rata* value, and buildings shall be assessed at actual value.

In 1908 a commission was appointed to consider changes in the tax system and upon its recommendation the assessment of buildings was reduced to two-thirds of full value. In the report of the commission was included the following paragraph:

It is well known that there is a strong sentiment in favor of lightening the load of taxation in respect of buildings. Some representations were made to the Commission on different occasions in this connection. While the Commission would not think of going so far as to adopt the views of advocates of what is known as the single tax system they nevertheless think that while land should be assessed at the full proportion of its value, buildings should not be assessed at that full rate, but a reduction in such cases should be made, and the assessment of buildings based on a proportion of two-thirds per cent.(2) of the value.

Very promptly the provisions of the charter prescribing the manner of assessing real estate were changed to read as follows:

297. Land, as distinguished from the buildings thereon, shall be assessed at its value at the time of the assessment.

2. With regard to land having buildings thereon the value of the buildings shall be the amount by which the value of the land is thereby increased.

3. In assessing land having buildings thereon, the value of the land shall be set down in one column. In another column shall be set down the sum which shall represent two-thirds of the value of the buildings thereon. The value of the land and the said proportion of the value of the buildings shall together form the assessment in respect of the property.(3)

This reduction in the tax on buildings to 66⅔% in 1909 has been variously construed. The single taxers have hailed it as a recognition of the truth of their contentions. On the other hand the 1914 Report of the Assessment Commissioner(4) contains the following statement:

It should perhaps be here mentioned that this relief as applied in the taxation of buildings was not intended by the Commission as a step towards the introduction of the "single tax" system of assessment, but as a permanent means of compensating for deterioration by wear, loss by fire, vacancy, and other causes to which buildings generally are liable during the course of the year.

Since 1909 there has been a continuous agitation of varying strength in favor of a further reduction of the tax on buildings. In 1911 the city

(1) Charter, s. 297.

(2) Evidently 66⅔ per cent. is intended.

(3) 9 Ed. 7, c. 78, s. 25.

(4) P. 3.

council petitioned the legislature for authority to take a referendum vote on the question, but the petition was not granted.(1) In the provincial elections of 1914 this question was raised as an issue with partially successful results.(2)

The assessed values of real estate in Winnipeg for each year since 1893 are given in the table which follows:

ASSESSED VALUES OF REAL ESTATE (a)

Year.	Land.	Buildings.	Total Rateable Assessment.	Property Exempt from Taxation.
1893.....	\$11,946,450 00	\$6,712,150 00	\$18,658,600 00	\$4,500,330 00
1894.....	11,730,250 00	7,030,700 00	18,760,950 00	4,424,330 00
1895.....	11,716,010 00	7,409,500 00	19,125,510 00	4,518,780 00
1896.....	11,689,560 00	7,809,100 00	19,498,660 00	4,696,880 00
1897.....	11,622,630 00	8,123,300 00	19,745,930 00	4,876,820 00
1898.....	11,571,230 00	8,099,450 00	19,670,680 00	4,882,920 00
1899.....	11,614,340 00	8,435,550 00	20,049,890 00	4,996,100 00
1900.....	11,971,720 00	9,344,280 00	21,316,000 00	5,657,650 00
1901.....	12,259,730 00	10,095,870 00	22,355,600 00	5,949,600 00
1902.....	12,662,550 00	11,276,310 00	23,938,860 00	6,558,060 00
1903.....	17,920,600 00	12,953,310 00	30,873,910 00	7,722,770 00
1904.....	25,186,160 00	15,920,710 00	41,106,870 00	9,489,030 00
1905.....	33,293,110 00	20,492,960 00	53,786,070 00	11,876,170 00
1906.....	42,253,060 00	26,546,960 00	(c) 69,624,550 00	15,128,030 00
1907.....	59,504,110 00	34,321,850 00	93,825,960 00	18,587,940 00
1908.....	62,745,070 00	40,040,100 00	102,785,170 00	21,737,990 00
1909.....	65,449,220 00	42,548,100 00	107,997,320 00	23,405,520 00
1910.....	108,674,070 00	(b) 48,934,150 00	157,608,220 00	28,261,920 00
1911.....	118,407,650 00	(b) 54,269,600 00	172,677,250 00	27,511,350 00
1912.....	151,795,740 00	(b) 62,564,700 00	214,360,440 00	33,241,140 00
1913.....	187,351,170 00	(b) 72,068,350 00	259,419,520 00	40,279,460 00
1914.....	199,082,890 00	(b) 81,708,450 00	280,791,340 00	44,153,270 00

(a) All figures except those for 1914 are from the Comptroller's Report for 1913. The 1914 figures were furnished by Assessment Commissioner Harris.

(b) Figures represent two-thirds of full value.

(c) An assessment of \$824,530 for territory added to city in 1906 is included.

Land values were rapidly increasing when the reduction in the tax on buildings was made. The assessed value of land increased approximately sixty per cent. between 1909 and 1910, the period of transition, and the value of buildings, instead of decreasing, gained nearly nine per cent. The assessment increased from \$107,997,320 to \$157,608,220. These figures are somewhat misleading, however, unless considered in connection with the facts in regard to degree of undervaluation. In 1909 and for many years previous, according to the testimony of the assessment commissioner, buildings were assessed at approximately seventy per cent. of their value, while land was assessed at seventy-five to eighty per cent. The practical result of the change in the tax law in 1909 was to cause a fuller assessment of land values. In hundreds of cases the values of buildings were left unchanged but the land values were assessed from twenty to twenty-five per

(1) F. J. Dixon, *op. cit.*

(2) *Cf. supra*, p. 20.

cent. nearer full value. At the present time the land values, it is claimed, are assessed at one hundred per cent. of their value.

The amounts levied upon real estate in each year since 1893 is shown in the following statement:

TAX LEVIES

	Municipal.	School.	Total.
1893.....	\$284,419 68	\$85,000 00	\$369,419 68
1894.....	280,836 55	90,000 00	370,836 55
1895.....	292,839 60	94,000 00	386,839 60
1896.....	297,829 20	96,590 00	394,419 20
1897.....	302,318 11	98,090 00	400,408 11
1898.....	323,436 39	104,590 00	428,026 39
1899.....	313,854 81	117,930 00	431,784 81
1900.....	375,655 66	120,585 00	496,240 66
1901.....	421,745 72	126,975 00	548,720 72
1902.....	421,668 49	135,210 00	556,878 49
1903.....	505,269 09	158,823 00	664,092 09
1904.....	526,891 48	172,220 00	699,111 48
1905.....	849,927 96	210,000 00	1,059,927 96
1906.....	1,005,133 15	241,800 00	1,246,933 15
1907.....	1,145,603 45	357,000 00	1,502,603 45
1908.....	1,183,186 05	360,000 00	1,543,186 05
1909.....	1,206,518 15	415,000 00	1,621,518 15
1910.....	1,226,645 83	476,430 00	1,703,075 83
1911.....	1,693,385 04	595,500 00	2,288,885 04
1912.....	1,807,403 52	766,000 00	2,573,403 52
1913.....	2,385,371 63	990,000 00	3,375,371 63

The tax rates on real estate have been as follows:

TAX RATES

(Mills)	(Mills)
1893..... 19.60	1904..... 17.00
1894..... 19.60	1905..... 19.70
1895..... 20.00	1906..... 17.90
1896..... 20.00	1907..... 16.00
1897..... 20.00	1908..... 15.00
1898..... 21.50	1909..... 15.00
1899..... 21.25	1910..... 10.80
1900..... 23.25	1911..... 13.25
1901..... 20.50	1912..... 12.00
1902..... 23.25	1913..... 13.00
1903..... 21.50	

From these two tables it will be seen that, although the sum raised by the real estate tax increased from \$1,621,518.15 to \$1,703,075.83 in 1910, it was possible, because of the remarkable expansion in the tax base, to reduce the rate from fifteen to 10.80 mills. Under these circumstances it is not remarkable that the change should have excited little comment or caused little disturbance outside the assessor's office.

There has been, of late, an increasing amount of uncollected taxes until in 1913 the item amounted to approximately one million dollars. The

arrears,(1) as they stood on April 30th of each year since 1893, are as follows:

UNCOLLECTED TAXES

1893.....	\$239,103 59	1904.....	\$248,720 01
1894.....	293,202 80	1905.....	312,834 30
1895.....	300,022 27	1906.....	442,319 96
1896.....	347,447 15	1907.....	565,295 48
1897.....	329,125 75	1908.....	816,231 74
1898.....	261,099 82	1909.....	871,206 74
1899.....	293,559 41	1910.....	751,887 23
1900.....	319,708 60	1911.....	798,888 63
1901.....	273,271 81	1912.....	834,422 46
1902.....	285,217 98	1913.....	984,556 71
1903.....	204,104 65		

The tax rate is usually struck about July 1st. In 1913 the taxes were demanded on October 15th. A two per cent. discount was given in case the taxes were paid by November 18th and one per cent. if paid by December 3rd. After December 31st, three-fourths of one per cent. per month was added as a penalty. This penalty is but slightly in excess of the current interest rate, which probably explains the size of the arrears.

DATA FOR JUDGING THE EFFECTS OF THE SYSTEM

Building Operations

The statistics of building operations are shown in the table which follows:

BUILDING STATISTICS

	Permits.	Buildings.	Cost(b).
1900(a).....	530	638	\$1,441,863 00
1901.....	630	820	1,708,537 00
1902.....	822	973	2,408,125 00
1903.....	1,227	1,593	5,689,400 00
1904.....	1,768	2,268	9,651,750 00
1905.....	3,349	4,099	10,840,150 00
1906.....	3,487	4,204	12,625,950 00
1907.....	2,433	2,837	6,309,950 00
1908.....	1,544	1,771	5,516,700 00
1909.....	2,498	2,942	9,226,825 00
1910.....	3,291	3,916	15,116,450 00
1911.....	3,671	4,398	17,716,750 00
1912.....	4,489	5,339	20,563,750 00
1913.....	4,113	4,825	18,593,350 00
1914 { first 5 months.....			8,528,200 00
{ last 6 months.....			2,857,500 00

(a) The statistics in each case are for the year ending December 31st. The number of buildings and the cost for the year 1906 and after are taken from the records of the building inspector. The other figures are from a pamphlet of the Industrial Bureau. There are no totals in the building inspector's books before 1906.

(b) Cancellations eliminated.

It is estimated that there were approximately three hundred apartments in Winnipeg in 1914.

(1) These items evidently include the arrears of special assessments as well as business and real estate taxes.

There is a limitation on building heights of 120 feet, unless special provision is made for fire protection and special permission obtained from the building inspector.(1) Moreover, the height of buildings is limited to a multiple of least dimension of the base, as follows:

For buildings with skeleton frame, five times; with masonry walls only, four times; for buildings of mill construction, three times; with ordinary construction, two and one-half times; frame buildings, one and one-half times. This also applies to wings of buildings, whose length exceeds two and one-half times their width, provided no building shall exceed the maximum height established for its respective class.(2)

The 120 foot restriction was passed upon the recommendation of the building section of the Town Planning Committee of Winnipeg. Already there are several buildings in the city which exceed the legal limit. There is one building of each of the following heights: 192 feet; 164 feet; 159 feet; 148 feet; 146 feet; 143 feet; and 128 feet.

Congestion

The area included within the city limits is 15,287 acres, of which 422 acres are water.(3) The population in 1914 was 203,255. This means a density of 13.7 persons per acre.

Home Ownership

The voters list for 1914 shows that 53.5% of the voters were owners and 46.5% tenants. The data is as follows:

Number of owners.....		27,363
Resident	21,854	
Non-resident	5,509	
Number of tenants.....		23,768
Total.....		51,131

The relative number of owners was slightly greater in 1913 (54.4%). The 1913 figures are as follows:

Number of owners.....		26,058
Resident	20,846	
Non-resident	5,212	
Number of tenants.....		21,793
Total.....		47,851

Employment

The employment problem in Winnipeg was very acute in the summer of 1914. There was a great over-supply of labor, particularly in the building trades. This condition was attributed to the fact that there was considerable building activity in Winnipeg while there was exceedingly little activity in other cities. The newspapers and the official *Gazette* had

(1) By-law 7528, ss. 57 and 86 (c). Passed January 13, 1913.

(2) *Ibid.*, s. 86.

(3) Municipal Manual, 1914, p. 41.

featured the fact that building was brisk in Winnipeg, with the result that thousands of artisans were attracted by the prospect for work. Moreover, Winnipeg is naturally the first stopping point for newly-arrived immigrants on their way to the West, and this stream, artificially stimulated by advertising, contributed its share to the unemployment problem. The situation was so serious that measures were being discussed to discourage people from coming to the city. The Builders' Exchange went so far as to request the city council to forbid the publication of building statistics, on the ground that such "evidences of Winnipeg's rapid growth serve as a lure to draw labor and employers of labor from other parts of the country in such numbers that the market is congested." (1)

General Prosperity

POPULATION(a)

1893.....	32,119	1904.....	67,265
1894.....	34,954	1905.....	79,975
1895.....	37,124	1906.....	101,057
1896.....	37,983	1907.....	111,729
1897.....	38,733	1908.....	118,252
1898.....	39,384	1909.....	122,390
1899.....	40,112	1910.....	132,720
1900.....	42,534	1911.....	151,958
1901.....	44,778	1912.....	166,553
1902.....	48,411	1913.....	184,730
1903.....	56,741	1914.....	203,255

(a) Report of the City Comptroller, 1913, p. 128, and Assessment Commissioner Harris. The figures are for January 1st of each year.

BANK CLEARINGS(a)

1904.....	\$294,601,437 00	1909.....	\$770,649,322 00
1905.....	369,868,179 00	1910.....	953,514,287 00
1906.....	504,585,914 00	1911.....	1,172,762,142 00
1907.....	599,667,576 00	1912.....	1,537,817,524 00
1908.....	614,111,801 00	1913.....	1,634,977,237 00

(a) Municipal Manual, p. 127.

GROSS POSTAL REVENUE(a)

Year ending June 30, 1900.....	\$137,334 27
" " " 1901.....	128,480 13
" " " 1902.....	169,029 52
" " " 1903.....	201,906 62
" " " 1904.....	256,519 17
" " " 1905.....	319,378 22
" " " 1906.....	419,012 32
Nine months ending March 31, 1907.....	374,020 23
Year ending March 31, 1908.....	555,466 89
" " " 1909.....	580,385 74
" " " 1910.....	695,051 27
" " " 1911.....	836,931 15
" " " 1912.....	1,017,829 60
" " " 1912.....	1,169,171 05

(a) Compiled from the reports of the Postmaster General.

(1) *Winnipeg Tribune*, June 23, 1914.

Inquiry was made of a number of public officials, business men and citizens as to what the effects had been of the reduction of the tax on buildings in 1909. The universal testimony was that there had been no discernible effects. There seems to have been no disturbance whatsoever to credits, no perceptible effect upon rents, speculation or anything else. The change was made with so little jar that most citizens, it is said, were not aware that any change had been made.

C. SASKATCHEWAN

The Province

Saskatchewan, the second of the prairie provinces, lies directly to the west of Manitoba. It is predominantly an agricultural region and has only a few moderately large cities. In all the municipalities, special concessions have been extended to improvements, but the steps toward the land tax have been short ones and, because of the principle of local option adhered to, have always been taken at propitious times.

The provincial treasury does not depend upon real estate or property taxes for its support. Of the revenue in 1913 (\$4,668,753.70) more than one-third was received from the Dominion as subsidies. The telephone department supplied \$496,635.26. The payments under the Land Titles Act amounted to \$452,002.49. The Agriculture Department contributed \$263,216.05, of which \$232,961.32 was received from the sale of butter and eggs. Liquor licenses, stamp taxes, fees and various types of corporation taxes supplied most of the remainder.

Although no property taxes are imposed for provincial purposes, the provincial authorities, as agents for the municipalities, administer several types of land taxes for the benefit of the localities. This is true of certain school taxes, the hail insurance tax, and the general taxes in the local improvement districts. The last two are described in a later section.(1) A brief explanation of the levy for school purposes is inserted at this point.

Under the terms of an act passed in 1907(2) an annual tax of one cent per acre is levied upon all land not included "within the limits of town and village school districts." Crown lands held under lease for grazing purposes are subject to a charge of one-half cent per acre. The proceeds of this tax go to the provincial treasurer to the credit of the "Supplementary Revenue Fund" and are later reapportioned for educational purposes according to the following plan:

- (a) Five per cent. for an agricultural college;
- (b) Five per cent. for the University of Saskatchewan;
- (c) Ten per cent. for secondary educational institutions; and
- (d) Eighty per cent. for primary educational institutions.

The total collections from this tax during the year ending January 31, 1913, were \$416,210.63. From the collections made during 1913-1914, the following sums were reapportioned:

Agricultural college	\$21,410 31
University of Saskatchewan.....	21,410 31
Secondary schools	30,524 50

(1) *Infra*, pp. 33, 34.

(2) 1907, c. 3; Rev. Stat., 1909, c. 37.

Rural schools:

2,346 school districts, \$120 each.....	\$281,520 00	
381,692 days attendance, 20 cents per day.....	76,338 40	
		357,858 40
		<hr/> \$431,203 52

The Municipalities

The following types of governmental organization are in force in the localities of Saskatchewan: the city (minimum population, 5,000); the town (minimum population, 500); the village (minimum population, 100); the rural municipality; and the local improvement district.

The number of organizations of each type in the province on April 30, 1914, is shown in the following statement:(1)

Cities	7
Towns	71
Villages	288
Rural municipalities	295
Local improvement districts.....	25

The tax systems of these municipalities will be taken up in inverse order.

LOCAL IMPROVEMENT DISTRICTS

The very sparsely settled regions on the frontier of settlement are organized into local improvement districts. This is a purely temporary form of organization. No rights of self-government are given, the business of the district, including the collection of taxes, being administered by the provincial department of municipal affairs. So soon as there is a population capable of supporting local self-government rural municipalities are formed.

A tax of one and one-fourth cents per acre is levied in local improvement districts for roads, fire guards *etc.* The slight importance of this charge is indicated by the fact that the amount levied during the year ending April 30, 1914, was only \$44,775.50.(2)

THE RURAL MUNICIPALITIES

Land only is taxed in the rural municipalities. Formerly the tax was a flat acreage charge and the average amount levied in 1913 was five and one-seventh cents per acre. In 1914 the tax was changed to a land value basis.(3) The change was made without difficulty. The Saskatchewan Association of Rural Municipalities indicated its approval of the measure at the convention held in Regina in March, 1914.

This rule of valuation is laid down in the Rural Municipality Act:

Land shall be assessed at its actual cost value exclusive of any increase in such value caused by the erection of any building thereon or by any other expenditure of labor or capital.(4)

(1) Annual Report, Department of Municipal Affairs, 1913-14, pp. 12-13.

(2) *Ibid.*, p. 12.

(3) *Ibid.*, p. 8. Elevators on land which is exempt from taxation pay a fee of fifty dollars for municipal purposes and one of twenty-five dollars for schools.

(4) S. 252a.

The taxes levied for municipal purposes in the rural municipalities during 1913 were \$1,975,300.75.(1)

In addition to the regular rates on land in the rural municipalities, there was imposed for the first time in 1914 a new "surtax" on vacant land, aimed as a blow against speculators and "land miners." This measure, naturally enough, was enthusiastically welcomed by the settlers but bitterly resented by the non-resident owners of land. The farmers formally endorsed the measure at their convention but the non-resident owners sent delegations to interview the Government and to protest against this and other special charges.(2)

The law prescribes that "it shall be the duty of the council of every rural municipality * * * annually to assess, levy and collect a tax of six and one-quarter cents per acre" on the following classes of lands:

1. The land of any owner or occupant not exceeding 320 acres which has less than one-quarter of its area under cultivation unless such owner or occupant is an actual resident upon such land;
2. The land of any owner or occupant exceeding 320 acres but not greater than 640 acres which has less than one-quarter of its area under cultivation;
3. The land of any owner or occupant exceeding 640 acres but not greater than 1280 acres which has less than one-half of its area under cultivation;
4. The land of any owner or occupant exceeding 1280 acres but not greater than 1920 acres which has less than one-half of its area under cultivation;
5. The land of any owner or occupant exceeding 1920 acres.(3)

Mr. A. J. Robertson, of the town and rural municipality of Davidson, testifies that the surtax is having the effect of bringing many large holdings into cultivation.

The dissatisfaction of the non-resident land owners due to the surtax on uncultivated land is accentuated by the hail insurance tax.(4) Rural municipalities and local improvement districts, upon the favorable vote of the land owners at the annual election, may come under the provisions of the act. This involves the imposition of a special acreage tax, the proceeds of which are used to meet the losses to crops by hail. The rate applied is four cents per acre, the maximum provided in the law. The grievance of the non-resident owners finds its basis on two grounds. In the first place, the non-resident is not in a position to benefit by the insurance fund because

(1) Rept., Dept. Mun. Affairs, 1913-14, p. 11.

(2) They object to the hail tax and gopher tax also. *The Square Deal* (Toronto), February, 1915. The investigator was shown a letter to a Saskatchewan real-estate agent from a large non-resident owner, giving orders that all his Saskatchewan land be sold because of the pressure of the special land taxes. The following is an excerpt from the letter of a Saskatoon real-estate man:

Regarding the various acts passed by the Province of Saskatchewan for collecting special taxes *etc.*, would say that many more besides yourself are kicking against these attempts at revenue on the part of the local legislature and quite a number of amendments are being seriously considered.

(3) The Rural Municipality Act, ss. 323b, 323c.

(4) Statutes, 1812-13, c. 46, s. 5; 1913, c. 30.

usually his land is not under cultivation. In the second place, the law contains a provision permitting residents to withdraw from the operation of the act any number of quarter sections, provided the same is (a) grazing or hay land inclosed by a substantial fence, or (b) an unpatented quarter section held under homestead entry from the Dominion of Canada upon which there are less than twenty-five acres under cultivation. As the result of these discriminations the non-residents feel that they pay an undue share of the insurance bill of the resident farmers.

In addition, the non-resident owners are irritated by the weed tax. Under the provisions of this tax, a neglected piece of land may be entered upon, the weeds cut, and the cost charged to the owner.(1) It is claimed that this privilege has been abused in some cases.

It will be seen that this combination of laws in the rural municipalities throws the entire cost of local government upon the land and makes important discriminations in favor of the resident as opposed to the non-resident owner. In this respect, Saskatchewan has taken the foremost place among the provinces of Canada.

THE VILLAGES

Under the terms of the Village Act passed at the legislative session of 1908-1909, "all real and personal property and income" were declared taxable.(2) Improvements, however, could not be assessed at more than sixty per cent. of their value. Among the exemptions granted appear the following: personal property to the amount of \$300, other than income; the income of every person up to the amount of \$1,000; household effects of every kind, books and wearing apparel in use; and grain.(3)

An option is provided, however, on the question of the adoption of the land tax only for municipal purposes in the following language:(4)

If two-thirds of the total number of resident electors in any village petition the council therefor the council may by law provide that the assessment in the village shall after a date to be fixed therein be limited to an assessment based upon the actual value of all lands in the village exclusive of the improvements thereon.

In 1913, 246 villages made an assessment for taxation purposes. Of this number 61, or approximately one-fourth, took advantage of the section of the law permitting them to exempt improvements from taxation.(5) The number taxing land only is increasing, however. In 1909 only eleven and in 1911 only seventeen villages were using the plan.(6)

In the villages, then, improvements are nowhere assessed at more than sixty per cent. of their value and in about one-fourth of the villages are entirely exempt from taxation.

(1) Rural Municipality Act, ss. 201-207.

(2) The Village Act, s. 179.

(3) *Ibid.*, s. 180. Taxes on real estate may be used to offset the income tax.

(4) *Ibid.*, s. 181.

(5) Letter from Deputy Minister J. N. Bayne under date of July 6, 1914.

(6) Rept., Dept. Mun. Affairs, 1909-10; *ibid.*, 1911-1912, p. 8.

THE TOWNS

The Town Act passed in the 1908-09 session of the legislature provided that the taxes of the towns should be levied upon lands, businesses, income and special franchises. (1) The exemptions included income to the amount of \$1,000, household effects, books and wearing apparel in use and grain. (2) Improvements were assessed at sixty per cent. of their value. At the session of 1910-11, the legislature amended the Town Act so as to permit a gradual reduction of the tax on buildings. The section describing the mode of assessment was made to read as follows: (3)

Land shall be assessed at its fair actual value and buildings and improvements thereon at not more than sixty per cent. of their actual value * * * ; Provided that the assessment of buildings and improvements shall not be in any year be reduced below the assessment of the same for the previous year by a greater amount than fifteen per cent. of the fair actual value of such buildings and improvements.

In order to ascertain the extent to which the towns are taking advantage of this permissive legislation, a letter was sent to each secretary-treasurer, asking for information on this point. Replies were received from 57 out of the 71 towns. Two replies were so indefinite as to be unintelligible. Of the 55 towns remaining, 42 reported that they had made no reduction in the tax on improvements below sixty per cent. Three towns (Gull Lake, Outlook and Saltcoats) were assessing improvements at fifty per cent. Three towns (Melville, Radville and Yorkton) assessed them at forty-five per cent. Two towns (Maple Creek and Sutherland) assessed at forty per cent. Nakomis assessed at thirty-five per cent., Grenfell and Wilkie at thirty, and Duck Lake and Humboldt at twenty-five per cent. Tabulated, the results stand:

60%	42	35%	1
50%	3	30%	2
45%	3	25%	2
40%	2		
			Total
			55

Thus, upon the basis of the data received it appears that less than one-fourth of the towns have taken advantage of the permission granted by the legislature to reduce the tax on improvements. Moreover, not one town has taken full advantage of the provision and reduced the assessment the maximum amount permitted. On the whole the towns of Saskatchewan have acted in a very conservative fashion when called upon to decide whether they desired the single tax.

In reply to the question "Does your municipality plan to make further use of the powers given in the above act?" affirmative replies were received from only ten towns. The replies were: Assiniboia, "Yes"; Canora, "Yes,

(1) 1908, c. 17, s. 300 *et seq.*

(2) *Ibid.* Taxes paid on real estate might be used to offset the income tax.

(3) The Town Act, s. 302.

—probably to thirty per cent. of value after a year or two”; Carlyle, “Thinking of doing so”; Fleming, “Contemplating”; Kamsak, “Yes”; Nakomis, “Yes, if possible will reduce it fifteen per cent. each year until wiped out”; Outlook, “Yes”; Qu’Appelle, “Yes, as soon as debenture indebtedness will allow”; Radville, “Yes, we are working toward the single tax”; and Wilkie, “Yes.”

It should be borne in mind also that the real estate tax is not the only tax imposed in the towns of Saskatchewan. Other sources of revenue, of which the business tax is the most important, are used in almost every town. (1)

In a word, improvements may not be taxed at more than sixty per cent. in the towns of Saskatchewan; they may be taxed at a lower figure if the towns so desire. Approximately three-fourths of the towns have elected not to exercise their option and these retain the assessment at sixty per cent. The other towns have reduced the assessment to various percentages, the lowest being twenty-five per cent. No town, so far as could be learned, has reduced the tax on buildings to the full extent possible under the law. Finally, less than one-fourth of the towns are sufficiently impressed with the merits of the plan to contemplate further reductions. ✓

THE CITIES

There are no special charters in Saskatchewan. All of the cities operate under the general City Act.

The provincial tax legislation affecting the cities is practically identical with that affecting the towns, which has just been described. Thus, as provided at the session of 1908-09, the City Act specified that improvements should not be assessed at more than sixty per cent. Similarly in 1910-11, an amendment was passed permitting this percentage to be reduced at a maximum rate of fifteen per cent. annually. (2)

As will appear from the following statement all of the cities of Saskatchewan had, in 1914, exercised their right to reduce the tax on improvements to some extent:

	Percentage Assessed.
Moose Jaw	45
Regina	30
North Battleford	30
Weyburn	30
Saskatoon	25
Prince Albert	15
Swift Current	15

(1) Only two towns, Assiniboia and Radisson, out of 57, reported no business tax levied. The situation is somewhat complicated by the presence of illegal undervaluations. Thus the town of Craik reported land assessed at eighty per cent. instead of at full value and Kamsack reported buildings actually assessed at fifty per cent. instead of sixty, the nominal percentage.

(2) Rev. Stat., Saskatchewan, 1909, c. 84; 1910-11, c. 181. The subjects of taxation, as specified in the Town Act, are lands, businesses, income and special franchises. City Act, s. 308. The exemptions are the same as in the case of the towns. The language of the section dealing with the reduction of the tax on buildings is identical in the two acts. City Act, s. 310. Cf. *supra*, p. 36.

Regina and Saskatoon are reserved for full treatment.(1)

The reduction from sixty per cent. to forty-five per cent. in Moose Jaw (population 30,000) was made in 1913. In the opinion of the assessor, Mr. W. J. Moffat, further reductions will probably not be made. The following excerpt is from a letter, written by Mr. Moffat dated January 8, 1915:

I may say that a couple of years ago when things were booming, and there was a great scarcity of stores and offices, there was quite a sentiment in favor of the single tax, but conditions have changed somewhat, and seeing the effect single tax has had upon some of the cities where it has been tried, I think the majority of people are very well satisfied with the assessment as it stands to-day.

North Battleford (population 6,000; total revenue, \$243,333.84; total tax levy, \$165,062.02; tax rate in 1914, 18 mills), reduced the assessment of buildings from sixty per cent. to forty-five per cent. in 1912 and to thirty per cent. in 1913. Mr. H. W. Dixon, the city clerk, writes as follows under date of July 9, 1914:

I believe that a majority of the taxpayers in this city are in favor of the gradual abolition of the taxes on improvements, but now that times are hard and most of them are holding unimproved real estate as well as improved property, they may not take very readily to the idea of an increasing tax rate; but I may say that I expect the percentage of improvements assessed will be probably reduced next year.

In Weyburn (population in 1913, 5,343; total receipts, \$450,223.81; total taxes, \$202,319.01; total assessment, \$10,025,350.00; tax rate, 20 mills), where improvements are assessed at thirty per cent., there seems to be no disposition toward further reduction. Frederick Inwards, City Clerk, states that no change in the percentage assessed will be made in the next two years.

In Prince Albert (population, 10,000; total receipts in 1913, \$365,000; receipts from taxes on real estate in 1913, \$303,481.08; total assessed valuation in 1914, \$28,694,386; tax rate in 1914, 11 mills), where improvements are assessed at fifteen per cent., there seems to be a feeling that the city has gone too far and a disposition to return to a higher assessment. Mr. J. S. Woodward, a member of the city council, stated that he expected to see the percentage increased to thirty in 1915 and retained for some time at that figure. Mr. W. M. Trail, the city assessor, under the date of July 3, 1914, wrote that he had recommended that the assessment of improvements be increased to at least twenty-five per cent. The assessed value of land showed a slight decline in 1914 (from \$28,442,225 to \$27,962,443), while the assessed value of buildings remained practically stationary (\$526,225 in 1913, and \$526,400 in 1914). This desire upon the part of some of the citizens of Prince Albert to return to a higher assessment has

(1) Cf. *infra*, pp. 40, 55.

raised an interesting question as to the possibility of so doing under the terms of the City Act. The provincial officials express the opinion that there is no authority in the act for increasing the assessments once reduced. ✓

It is seen, then, that, although all of the cities have reduced the tax on buildings to a substantial degree, the downward movement has been arrested and there are some indications that a reaction has begun in favor of higher assessments.

1. REGINA

THE CITY

Regina received its certificate of incorporation as a town in 1883. At this time the population was about 400; by 1903 the population increased sufficiently to justify its incorporation as a city. Its growth during the last ten years has been truly remarkable. The Dominion census of 1911 gave the city a population of 30,210. The official estimate of the present population, as given in the city manual, is 50,000.

The town is situated on a flat prairie in the midst of a great grain-producing area, and is served by three railroads, the Canadian-Pacific, the Grand Trunk Pacific, and the Canadian Northern. Moreover, the Great Northern, in conjunction with the Grand Truck Pacific Railway, has made arrangements to provide direct railway connection with Minneapolis and St. Paul.

The city is well situated for the distributing business, and good use has been made of the opportunities offered. Regina claims to be the greatest distributing center for agricultural implements in the world, the value of the shipments in 1913 being approximately \$20,000,000. In addition to the two hundred wholesale and commercial houses, there are in the city thirty-six manufacturing concerns. The city has been greatly handicapped, however, in its attempts to secure the location of manufacturing plants, because of the lack of cheap power. At present the rate on power supplied by the city plant varies from three to five cents per kilowatt hour. Negotiations were under way in the summer of 1914, looking toward the acquisition by the city of a supply of cheap natural gas which, it is hoped, will enable Regina to compete successfully with Winnipeg. A boot and shoe factory was established in Regina last year, and at present efforts are being made to secure the location of a packing plant.

The city fortunately owned a considerable portion of the town site. Even as late as December 31, 1913, the city retained the ownership of marketable land valued at \$3,125,008.88. Some time ago the city laid out districts which it divided into plots and offered as sites for industrial plants on very attractive terms. Moreover, the city has spent considerable sums for advertising. In 1913, \$13,000 was spent through a publicity commission for the purposes of attracting population and industries.

The accounts for 1913 show that the total city receipts amounted to \$1,756,608.79. The city owns the street railway, the light and power plant, the water works, and the receipts of all of these concerns are included in the above figure. The receipts of the "Fire, Light and Power Committee" amounted to \$305,430.18; of the "Street Railway Committee" were \$185,420.79; and of the "Water Works Committee," \$122,315.52, making the total receipts from the "commercial" activities of the city \$613,166.49.

Of the remaining receipts, \$1,143,442.30, \$994,832.56, or approximately 87%, are credited in the accounts to taxes. This sum includes \$93,507.37 received from frontage taxes. The taxes proper, amounting in all to \$901,325.19, were distributed as follows:

General	\$618,112 10	
Public School Board.....	193,049 14	
Roman Catholic Separate School.....	20,651 40	
Collegiate Institute	46,341 69	
Public Library Board.....	23,170 86	
		<u>\$901,325 19</u>

The operation of the street railway in 1913 involved a loss of \$60,118.39. The other utilities showed no loss.

The total outstanding debt of the city on the 31st of December, 1913, amounting to \$7,553,607.29, was distributed as follows:

Water Works	\$848,023 31	
Electric Light	560,111 12	
Street Railway	1,475,000 00	
Local Improvement Debentures.....	1,048,186 17	
General	3,622,286 69	
		<u>\$7,553,607 29</u>

The indebtedness incurred during each of the last four years is shown in the following statement:

1910	\$586,500 00	
1911	492,200 00	
1912	1,785,800 00	
1913	2,933,000 00	
		<u>\$5,797,500 00</u>

The amounts paid on the debt during the same years were as follows:

1910	\$21,258 02	
1911	21,477 38	
1912	37,066 58	
1913	22,682 18	
		<u>\$102,484 16</u>

In addition to the outstanding bonded indebtedness, the city, because of its use of short-time treasury notes, was confronted with a liability on December 31, 1913, of \$1,189,343.38, treasury bills payable. The rate of interest on the outstanding indebtedness varies from four to six per cent.; six per cent. is being paid on issues made in 1891 and 1894; five per cent. is being paid on money borrowed in 1913; and from 1909 to 1912 the city was able to secure its funds at four and one-half per cent. The interest and sinking fund charges on the indebtedness of \$2,883,134.43, incurred for the "commercial" enterprises of the city, are being cared for by those enterprises, except in so far as the loss on the operation of the street railway company may be considered to offset this statement.

The total cost of the debt service to the city in 1913 was \$453,519.48. The charges occasioned by the "non-commercial" debt, as paid by the finance committee, in the same period amounted to \$287,320.26.

The indebtedness of the city is restricted by the provincial act under which it operates to twenty per cent. of the net assessment. The local improvement debentures and the resources of the sinking fund may be deducted from the city debt in computing the borrowing power of the city.

Difficulty was experienced by Regina in 1914 in floating upon satisfactory terms its issue of debentures. Because of the large discounts which were demanded on long term bonds, and because of the reluctance of the city to finance its operations entirely on short-term notes, the city's construction program was substantially curtailed. These financial difficulties aggravated, of course, the serious unemployment situation already present in Regina.

THE TAX SYSTEM

As has been seen from the statements given above, (1) Regina depends for the great mass of her ordinary revenue upon her millage tax. Frontage taxes, however, in 1913, yielded \$90,880.56, or approximately ten per cent. of the receipts from the millage rate. Licenses are credited with the sum of \$17,608.00; and poll and dog taxes together yielded only \$7,053.60.

Sums collected on the frontage tax basis in 1913 included \$12,103.04 for water mains, and \$78,777.52 for sidewalks, pavements and sewers. The city pays out of general funds the cost of the large trunk sewers and the large water mains. The cost of the other types of water and sewer mains, and of sidewalks and pavements, is paid on the frontage basis, except that the city pays from general funds for the expense of improving the space opposite lanes and for intersections, and in addition pays one-half of the cost of improvements along the front and side of corner lots. The street railway company is charged with the cost of paving a strip as wide as the rails and a foot outside.

Because of the fact that all materials for the construction of local improvements must be brought considerable distances, and because of the necessity of sinking water mains to a considerable depth, the cost of improvements is somewhat high. It is estimated by the assessor that the annual charge in frontage taxes for local improvements on a typical twenty-five foot lot amounts to approximately eighteen dollars. The soil of Regina is such that conditions in wet weather are extremely bad. Paved streets are almost essential. The high cost of local improvements is pointed out by some citizens as one of the causes of the high price of land and the narrow lots which are used for building.

The general tax rate is levied on a base which consists of land taxed at its full value; improvements assessed nominally at thirty per cent. of their value, but actually somewhat under-assessed; businesses assessed upon floor-space basis; and upon certain classes of income. It had been the well-defined intention of the city council in Regina to reduce the assessment on buildings still further, but such action has been postponed until some future time. Before 1911 the legal rate of assessment on buildings was sixty per cent.; in that year it was reduced to forty-five per cent.; and in 1912 to thirty per cent., at which figure it still remains. Regina operates under the provincial city act, which has already been analyzed. (2) The business tax is said to have been copied from the Edmonton system. Businesses are classi-

(1) Cf. *supra*, p. 41.

(2) Cf. *supra*, p. 37.

fied and assessed on an arbitrary amount per square foot of the floor space occupied. Banks, brokers and financial institutions are assessed at the highest rate of eight dollars per square foot of floor space, and lumber yards are assessed at the lowest rate of fifteen cents per square foot of space occupied. The premises are measured by the assessor, and the assessment entered on the tax books.

ASSESSED VALUES (a)

	Lands.	Improve- ments.	Busi- ness.	Income.	Total (b) (Gross).	Total (Net).
1901.....	.....	.....	.....	.....	\$979,149	.....
1902.....	.....	.....	.....	.....	1,062,628	.....
1903.....	.....	.....	.....	.....	1,024,966	.....
1904.....	.....	.....	.....	.....	2,284,710	.....
1905.....	.....	.....	.....	.....	3,964,413	\$3,116,943
1906.....	.....	.....	.....	.....	7,046,667	6,448,092
1907.....	.....	.....	.....	.....	12,287,702	10,604,707
1908.....	\$11,378,805 (c)	.....	\$1,831,278	\$142,401	13,352,484	11,573,714
1909.....	10,490,720	\$3,726,930	1,918,167	67,500	16,203,317	11,714,868
1910.....	12,128,885	4,377,085	1,804,912	48,420	18,359,302	13,753,452
1911.....	27,009,025	5,513,271	2,298,850	64,010	34,885,156	26,987,270
1912.....	63,544,796	4,354,765	2,678,003	91,921	70,669,485	55,027,088
1913.....	82,537,840	5,712,594	3,294,101	132,910	91,677,445	72,502,630
1914.....	82,209,110	7,260,430	4,037,977	221,096	93,728,613	73,776,833

(a) The statistics were furnished by City Assessor R. A. Lennox. The total as given by Mr. Lennox in some cases exceed the figures usually published. The explanation is that additions are sometimes made late in the year after the assessment figures for that year are announced.

(b) The figures given in this column include the value of property exempt from taxation, which in some cases is very considerable, as will be seen from the last column.

(c) Includes value of improvements.

The figures for improvements given in the above table represent the percentage of the value of the improvements actually taxed, not the full value of the buildings of which a percentage is taken. The legal rate of assessment for improvements prior to 1911, it will be recalled, was sixty per cent.; in 1911, it was made forty-five per cent.; for the past three years it has been thirty per cent. But these percentages, according to the testimony of the assessor, have always been applied to a very conservative valuation of the buildings, and in order to get the full, fair value of the buildings it would be necessary to add at least ten per cent. to the capital value implied by the assessment figures quoted.

The legal rate of assessment for land has always been one hundred per cent. The assessor believes that the 1914 assessment approaches very closely the full cash value of the land. In his estimation, the 1912 and 1913 assessments were approximately ten per cent. below cash value, and in the years preceding 1912, the land was under-assessed at least fifteen per cent. The prevailing opinion among the business men of the town among whom inquiries were made was that the assessment for 1914 was somewhat above selling value. The assessment of land in 1914 is practically identical with that of 1913. The testimony of the assessor seems to indicate, therefore, that there has been something of a shrinkage in land values in the last year.

It should be noted that in 1911 when the first reduction was made in the building assessment, the tax base almost doubled due to the enormous increase in the assessed value of land. The assessed value of buildings showed a slight increase in spite of the reduction in the percentage of value assessed. In 1912, the further reduction of the tax on buildings resulted in a slight contraction of the assessed value of buildings, but the increase in the assessed value of land was so great as to make this decrease insignificant and the tax base more than doubled.

The assessment figures for Regina must be used with caution, not only because of the fact that they include property exempt from taxation, but also because part of the land assessed may not be taxed at the full rate. Under the terms of an agreement entered into between the city and the owners of an outlying tract, special tax concessions were given to this area when it was brought within the city limits in 1911.(1) It was agreed that all lands within this tract should be subject to the full rates levied for the Collegiate Institute (high school), library, and the schools, but should in the year 1912 pay only one-tenth of the municipal rates, an additional one-tenth being added each year until in 1921, when the property should be subject to the full tax rate. It was provided further, however, that in case street railway service was extended to the new section, the land lying within a zone a few blocks wide along the tract should be subject to the full rate.

The tax rates applied in Regina during the past thirteen years are shown in the following table:

TAX RATES (a)
(Mills)

	General Municipal.	High School.	Library.	Public School.	Separate (Catholic) School.	Total (Public School Supporter).	Total (Separate School Supporter).
1901 .....	..	..	..	..	..	22.	23.35
1902 .....	..	..	..	..	..	24.	25.
1903 .....	..	..	..	..	..	25.	26.5
1904 .....	..	..	..	..	..	22.	22.
1905 .....	..	..	..	..	..	20.	20.
1906	10.	..	..	5.	5.	15.	15.
1907	8.	1.	..	6.	6.	15.	15.
1908	10.	1.	..	4.	6.	15.	17.
1909	7.	.6	1.	6.4	6.4	15.	15.
1910	9.6	1.	.8	6.6	6.6	18.	18.
1911	12.	.5	.5	5.1	5.1	18.1	18.1
1912	12.2	.43	.25	3.	3.5	15.88	16.38
1913	10.	.666+	.333+	3.	4.	14.	15.
1914	9.	.75	.25	3.	3.	13.	13.

(a) The tax rate for years from 1906 to 1914 were supplied by Assessor Lennox. The figures for the years preceding 1906 were taken from the Municipal Manual of 1914 p. 30.

As will be noticed, the amount of the tax rate levied depends upon, whether an individual is a "public school supporter" or a "separate school supporter." The separate school rates have seldom differed greatly from

(1) The details of this arrangement are set forth in Proclamation of the Lieutenant-Governor in Council, dated March 9, 1911.

the public school rates. An individual can indicate whether he prefers to be taxed for the support of the Catholic school or for the support of the public school, except that a Catholic must pay the separate school rate. The tax on the property of corporations, in the absence of any declaration of preference, goes to the public schools.

In 1911, when the assessment on buildings was first reduced, the rate was advanced very slightly, one-tenth of a mill; in 1912, when the second step was taken, a decrease of over two and two-tenths mills was possible.

On December 31, 1913, the item of unpaid taxes amounted to \$193,919.03, over twenty per cent. of the taxes levied in 1913 (\$901,-325.19). (1) Of the sum in arrears, \$171,002.88 were taxes levied in 1913, and \$22,916.15 were unpaid taxes from previous years. These large amounts would seem to indicate that the taxes were bearing heavily upon the citizens of Regina.

According to the statement of the assessor, the annual taxes upon a house and lot, such as is purchased by the workingman of moderate income, amounts to approximately thirty-two dollars. In addition to this, as has been seen, his special assessment charges are approximately eighteen dollars, making his total annual payment to the city about fifty dollars.

DATA FOR GAUGING THE EFFECTS OF THE SYSTEM

Building Operations

The following table shows the number of building operations in Regina since 1904:

BUILDING OPERATIONS (a)

	No. of Permits.	Value.
1904.....	162	\$210,000 00
1905.....	346	750,000 00
1906.....	420	2,000,000 00
1907.....	480	1,177,840 00
1908.....	253	516,656 00
1909.....	282	749,479 00
1910.....	573	2,351,238 00
1911.....	959	5,099,340 00
	{ Jan.	\$23,180 00
	{ Feb.	66,450 00
	{ Mar.	339,850 00
	{ Apr.	664,045 00
	{ May	407,415 00
	{ June	1,048,830 00
1912.....	1,215 { July	1,068,319 00
	{ Aug.	1,004,319 00
	{ Sept.	531,210 00
	{ Oct.	411,275 00
	{ Nov.	271,670 00
	{ Dec.	2,209,675 00(b)
		8,046,238 00

(a) The statistics for the years 1912 to 1914 were transcribed from the records of the building inspector; statistics for other years are taken from the Municipal Manual, 1914, p. 38.

(b) Grand Trunk Hotel and part of McCallum-Hill building included.

(1) Financial Statement 1913, Schedule No. 16.

		No. of Permits.		Value.
1913.....	1,141	{ Jan.	\$71,450 00	
		{ Feb.	181,200 00	
		{ Mar.	440,845 00	
		{ Apr.	707,850 00	
		{ May	513,790 00	
		{ June	810,995 00	
		{ July	215,025 00	
		{ Aug.	259,895 00	
		{ Sept.	352,025 00	
		{ Oct.	385,300 00	
		{ Nov.	51,050 00	
		{ Dec.	28,925 00	
			<hr/>	\$4,018,350 00
1914.....	503	{ Jan.	\$3,850 00	
		{ Feb.	62,900 00	
		{ Mar.	90,000 00	
		{ Apr.	408,100 00	
		{ May	615,120 00	
		{ June	175,150 00	
			<hr/>	1,355,120 00

It will be noticed that 1911 and 1912, the years when reductions were made in the assessment on buildings, were the two largest years in the history of the building trade of Regina.

The details of the character of the buildings constructed in 1912 and 1913 are shown by the following statement taken from the reports of the building inspector:

CHARACTER OF BUILDINGS CONSTRUCTED(a)

	1912.		1913.	
	No.	Value.	No.	Value.
Blocks, stores, offices, schools and theatres..	75	\$2,000,695	38	\$595,870
Warehouses, factories, workshops <i>etc.</i>	57	579,355	43	879,210
Apartment blocks and terraces.....	10	252,040	4	100,000
Dwellings (brick, brick veneer and frame)..	787	1,781,470	791	1,486,995
Churches, schools, jails <i>etc.</i>.....	..	.....	8	805,660
Alterations, repairs, additions and removals.	114	79,744	119	56,650
Stables	41	28,530	26	4,970
Garages	53	12,110	48	9,020
Repairs, alterations and additions to Parlia- ment buildings .....	..	156,000	..	.....
Repairs to blocks, stores, offices, churches and warehouses from effects of cyclone.....	..	353,499	..	.....
Repairs <i>etc.</i> to residences after cyclone.....	..	322,521	..	.....
	<hr/> 1,137	<hr/> \$5,565,964	<hr/> 1,077	<hr/> \$3,938,375

(a) During the ten months ending October 31st of each year.

No building permits are issued for work involving the expenditure of less than one hundred dollars. The figures for the value of buildings con-

structed are doubtless under-valued somewhat, particularly in the earlier years.

One striking fact about the character of the buildings in Regina is the large number of one-story structures in the business section, which are obviously temporary buildings designed for the purpose of bringing in some revenue in order to meet taxes. One local wit went so far as to name his flimsy building "*The Paetax*." Within a radius of two blocks of the post-office, fifty-one such buildings were counted.

The movement toward the building of apartment houses has only just begun in Regina. At the present time, according to the estimate of Mr. F. J. James, there are some fifty apartment buildings of various types in the city, including those whose lower floors are used for business purposes.

Since July, 1912, there has been in force in the city a restriction on the heights of buildings. Buildings may not be constructed more than ten stories, or 130 feet, in height. There are no buildings in Regina which exceed this limit.

Land Values

There is little definite evidence to show that the change in the tax system has had an unfavorable effect upon land values in Regina. It was authoritatively stated, however, that the owner of a 640-acre tract in the outskirts of the city, part of which lies within and part without the city limits, considers the part which lies outside the limits more valuable than that which lies within, blaming the heavy land taxes within the city for the lower selling value of the land(1) ✓

Credit Conditions

Mr. A. F. Angus, manager of the Bank of Montreal, and Mr. Joseph Campbell, commissioner of the Trust and Loan Company of Canada, expressed the opinion that the present tax system had had absolutely no effect upon credit conditions or the sources of loanable funds. The funds for building operations in Regina come from three main sources: the life insurance companies; the loan and mortgage companies, which sell bonds in the East and abroad and loan the money for building purposes; and private sources. In the opinion of Mr. F. J. James, the money for building purposes in Regina comes from these three sources in almost equal proportions. A very conservative policy is followed by those who extend loans for building purposes; practically no money may be borrowed upon the security of vacant land. Loans are usually restricted to an amount between forty and fifty per cent. of a conservative valuation of the land and the buildings. In valuing buildings as security for loans, the fact that conditions are very volatile is taken into consideration, and lenders feel that they must protect themselves against the possibility that buildings in the future, with which the buildings under construction must compete, may be built at a lower cost than obtains at present.

(1) Mr. J. K. MacInnis: case cited by W. L. McTavish.

Rents

The rental situation in Regina has been highly abnormal. In the words of Mr. W. J. Allison, a real estate broker, conditions have been such that owners could "get pretty near what they asked." The rapid growth of the population made it impossible to supply sufficient houses to meet the demand. Recently there has been a slight decrease in rents, estimated by Mr. James at five per cent. This decrease is attributed by Mr. Allison to extension of street car facilities.

Congestion

According to the estimate of Assessor Lennox, approximately forty per cent. of the land within the city limits is built upon. The typical lot in Regina is very small, twenty-five foot frontage; usually a house is twenty feet in width, leaving only a five-foot space between houses. The high cost of land and the necessity of being served by local improvements has operated to cause Regina to be less scattered than is the case in some other western cities. Granting a population of 50,000, there are in the city 5.9 persons per acre of area (total area, 8,640 acres).

Home Ownership

According to estimates of Mr. W. J. Allison and Mr. F. J. James, the percentage of houses which are occupied by their owners is approximately sixty-five. Secretary McDonald of the Board of Trade estimates the number of home owners at an even higher rate. Exact statistics are lacking.

Employment

The employment situation in Regina was very acute during the summer of 1913. It was reported in June that sixty per cent. of the trade unionists in the city were out of employment. The "Bureau of Public Welfare" reported that, in the month of May, 639 applications for employment had been received. The situation is explained by some on the ground that the immigration propaganda has been carried too far, that the present influx is the result of good reports sent out from those who arrived in this region some time ago when times were more prosperous. But not merely newly arrived immigrants are out of employment. The decrease in building activity and the difficulty of the city in obtaining funds to carry on its schemes of local improvement have contributed to make the situation difficult for persons who have resided in Regina for some time.

General Prosperity

In the following statement is shown the population of Regina as given in the Municipal Manual. Attention should be called to the fact that the figure given in 1901 is not the same as that given by the Dominion census. Instead of 2,645, the Dominion census gives 2,249 as the population in that year. The figures are in most cases the roughest of estimates, based upon

such facts as can be gathered from the city directory and the school enrollment. It is charged that Regina's estimated present population of 50,000 is open to suspicion.

POPULATION (a)

1882	.....	200
1883	.....	400
1891	.....	2,000
1901	.....	2,645
1902	.....	2,700
1903	.....	3,000
1904	.....	4,000
1905	.....	5,500
1906	.....	7,550
1907	.....	9,000
1908	.....	10,000
1909	.....	12,000
1910	.....	15,500
1911	(Dominion Census)	30,210
1912	.....	45,000
1913	.....	50,000

(a) Municipal Manual, 1914, p. 39.

SCHOOL ENROLLMENT

	Public(a).	Collegiate Institute(b).	Separate(c).
1906	734	....	....
1907	902	....	....
1908	1,036	....	....
1909	1,118	....	....
1910	1,477	....	....
1911	1,851	225	371
1912	2,476	298	444
1913	3,064	371	574
1914	....	465	566

(a) These statistics were very kindly furnished by Mr. T. E. Perrett, superintendent of the Regina public schools. They represent the total enrollment in the month of October.

(b) This information was furnished by Mr. Norman McMurchy, principal of the Collegiate Institute, and represents the enrollment in September for the years 1911-1914; the time of year represented by the figure for the earlier years is not specified.

(c) The figures for the Catholic school are furnished by Mr. F. M. Smith, and are for the month of September in each case.

BANK CLEARINGS (a)

1910	.....	\$50,739,159
1911	.....	73,032,088
1912	.....	115,727,648
1913	.....	132,087,457
1914 (6 months)	.....	48,402,699

(a) This data was furnished by Mr. A. J. Merrix, secretary of the Regina Clearing House. The clearing house was established late in 1909.

RECEIPTS FROM STAMP SALES

Year ending March 31, 1909	.....	\$69,344 23
" " " " 1910	.....	82,066 90
" " " " 1911	.....	102,141 30
" " " " 1912	.....	124,639 28
" " " " 1913	.....	173,351 20

GROSS POSTAL REVENUE(a)

Year ending June 30, 1900.....	\$8,260 60
" " " " 1901.....	9,082 80
" " " " 1902.....	11,627 98
" " " " 1903.....	15,673 98
" " " " 1904.....	20,736 52
" " " " 1905.....	28,455 65
" " " " 1906.....	37,510 53
Nine months ending March 31, 1907.....	35,925 25
Year ending March 31, 1908.....	61,000 04
" " " " 1909.....	71,662 39
" " " " 1910.....	83,570 72
" " " " 1911.....	103,566 77
" " " " 1912.....	127,633 63
" " " " 1913.....	177,420 91

(a) Data taken from the reports of the Postmaster-General.

These statistics indicate that 1911 and 1912, the years when reductions were made in the assessment of buildings, were years of phenomenal prosperity.

STATUS OF PUBLIC OPINION

Summaries of Interviews

A high city official:

The present assessment of buildings (30 per cent.) is "a pretty fair figure under present conditions." If another real estate boom should come, we might make a further reduction. One factor in the local situation is the necessity for protecting our borrowing power. Some tax should be levied on buildings, for they are the direct occasion of considerable expense. There seems to have been no effect traceable to the tax system upon speculation, land values or rents.

A high city official:

The plan of under-valuing improvements is a good one in a period of optimism, but in a time of depression it is a very useful thing to be able to fall back upon a tax on improvements. Land values are inflated, and when times are slow, people have difficulty in paying their taxes. Much land is forfeited for taxes in such periods, and the city is likely to find itself in financial straits. It is not wise to prophesy as to the future of the system in Regina. Certainly the tax on buildings should not be further reduced for another ten years at least.

A city official:

The present rate of assessment on buildings of thirty per cent. is very satisfactory. There is no prospect of any immediate reduction. Probably the assessment on buildings will never be entirely swept away. It is unfair that a \$300,000 structure like the McCallum-Hill building should be entirely exempted from taxation. Among the factors which operate to prevent further reduction is the fact that "once you go down you cannot go back up." Another is the anxiety lest the tax base become so restricted as to make necessary a high rate of taxation. This must be avoided because of its bad advertising effect. Speculation seems not to have been affected by the change in our system. The reduction seems to have operated as a stimulus to building.

A city official:

The thirty per cent. assessment of buildings is certainly low enough. The fear of an increased tax rate is the chief reason why the assessment of buildings has not been carried lower. The scheme has certainly had no effect upon speculation.

A city official:

The present rate of assessment on buildings is as low as it should be; it will never be reduced below this figure. The reduction of the tax on buildings, beyond a doubt, is due to the influence of real-estate men. At the present time fully eighty per cent. of the council is made up of men whose chief interest is in the real estate business. The plan has not affected speculation.

A city official:

The reduction of the tax on buildings seems to put the city in the position of weakening the security underlying its debenture issues. The plan has probably retarded the increase in land values somewhat, but it has also decreased speculation. Ultimately the tax on buildings will be eliminated entirely.

A distinguished jurist:

The present system is in force because the people were driven to it by the conditions present in these regions. Some method had to be devised to encourage the practice indulged in by speculators of holding large areas unimproved. On the whole the system has had little effect, however, because the people have not calculated what it means.

A high provincial official:

In general I favor the land tax. But I do not favor the exemption of large buildings in cities where big business districts are developing.

A business man; formerly a member of the council:

The decrease in assessments of buildings was made because it was felt that it was unjust that a vacant lot should be allowed to increase in value because of the erection of a building upon an adjoining lot without contributing more in the way of taxes than it would be compelled to pay under the old system. Much land at this time was held by speculators and non-residents. The changed system has had the effect of forcing men to build. The heavier land tax, however, does not have the effect of causing a lower selling value of the land. There has really been no noticeable effect, however, upon the amount of speculation in the city. In addition to stimulating building, the system lacks a fault possessed by the old scheme: formerly a man hesitated to build a piazza, or to make improvements which would add attractiveness to his property, for fear of a heavier assessment. The cause for this hesitation is largely removed by the present scheme. The present plan, moreover, must be credited with responsibility for the compact manner in which Regina has been built up. The reason that further reductions were not made in the last two years in Regina is because of the fear lest such action would involve an increase in the tax rate, which would be bad advertising. There is no direct connection between the growth in population and the tax system. Settlers who write, inquiring for information seldom inquire about the tax system; of course, the business man does inquire specifically. On the whole, it can be said that the present system gives absolute satisfaction all around.

A conservative banker:

There is no way of telling whether or not the tax system has had an adverse effect upon land values. No such effect is noticeable on the surface of things, but this should not be taken to mean that there has been no effect; for the change has come gradually, and it cannot

be expected that the effects would be clearly defined. There has certainly been no noticeable effect upon credit.

An official in a mortgage corporation:

It is certainly true that there is less speculation in real estate at the present time than there was before the tax system was imposed, but whether this is due to the tax system is hard to say. The change from the old system to the new came at a time of great activity, and the effects are not easily isolated.

An official in a trust and loan company:

The present system is not satisfactory because it over-stimulates building. Too many buildings are built, and this over-building is disastrous. Moreover the pressure upon the owners of vacant property causes them to build an undesirable type of building, such as the "tax-payers." There is no discernable effect upon speculation or upon the sources of loanable capital. The tax system is not much discussed, but it is a noticeable fact that the thoughtful people of the community are the ones who are opposed to it.

A conservative financial agent and real estate man:

The tax system has thus far had no effect upon the sources of loanable capital, but it probably will have an effect when the significance of the system becomes better known. Moreover, there has been no effect upon rents traceable to the system. The system will also doubtless have an effect upon speculation in the future. Increases in value will not be so great as they have been in the past, and heavy carrying charges will operate to deter individuals from investing in land on the same scale that investments have been made in the past. The weight of the tax system is already being felt. There is no doubt but that the scheme operates to force the owner of vacant land either to build or to get rid of it. The elimination of the last thirty per cent. of the building assessment would probably force too much building. On the whole, it would be a good thing for Regina to remain at thirty per cent. The system works out to the advantage of the small householder in a town of this kind and has operated to encourage building of the little improvements about the property which add to its beauty and attractiveness. Reductions in the assessment on buildings must be carefully made if disastrous consequences are to be avoided. In a community like New York it would seem to me that two and a half per cent. a year would be a speedy enough reduction. Our experience must be accepted with a grain of salt, for here our values are increasing rapidly, and our loans are very conservatively secured.

A real estate broker who specializes in renting property:

The system as it stands at present is very satisfactory. It seems just that a small tax on buildings should be retained. Thus far no effect on speculation can be traced to the tax system, but doubtless there will be effects in the future. The plan acts as an incentive to building, but the recent drop in rents cannot be attributed to it at all.

A successful real-estate operator who sold out on the rising market before the present reaction came:

Most of the cities in this region have just trailed along, adopting the single tax because someone else did, without giving any thought or consideration to remote effects. "Everybody is too busy out here to study and the fools didn't know what they were doing." "Investments in city lands in this province were attractive to me when less

than ten per cent. of the population of the province lived in the cities; but when the proportion of city dwellers rises to thirty per cent., it's time to get rid of city real estate." Too large a proportion of the residents of the city are engaged in building the city. The compromise arrangement in force here is entirely satisfactory. "My observation is that it has a tendency to restrict speculation." This is because of the heavier carrying charge. The system also stimulates building. "There have been no adverse effects upon land values thus far, but you can see them coming. People are finding it necessary to melt their insurance to pay taxes." The reason that further reductions have not been made in the assessment of buildings is because of the fear that people would not be able to pay their taxes. The man who owns a building can pay his taxes, but you cannot be sure that the other man will be able to do so. "The system has worked all right here thus far, but it has not yet stood the acid test."

A prosperous young real estate man :

The idea underlying the present tax arrangement is to get things "improved." But after all, the tax is not much of a bonus and is usually not taken into account. It has some influence, however, and doubtless a number of the "tax-payers" which have been built have been due to the pressure exerted by the system. The thirty per cent. assessment on buildings will probably be retained indefinitely. The change in the system has had no perceptible effect upon the value of land or upon the security underlying mortgages.

A prominent merchant ; a former mayor of the city :

The present system is a good one because it reaches the owner of vacant property. There has been too much speculation in Regina. There is no doubt but that the system stimulates building. The policy of the city council in the last two years in refusing to reduce the assessment on buildings still further is an expression of the real estate interest in the town. The professional real estate men who are carrying vacant property are not eager to increase their burdens at present.

A clerk and a small property owner :

The system seems to favor the owner of the small piece of property. It would not be wise to change it, even though it meant a considerable exemption for a large number of large buildings in the down-town section. It has been a force in accelerating building operations in Regina.

A teacher and small property owner :

The system is a fine thing for the small land owner. What the effect will be upon the interests of the small property owner when the number of large business blocks in the down-town section increases is somewhat uncertain. It does not seem entirely fair that a building like the McCallum-Hill building should go untaxed. It stimulates business, but does not seem to effect speculation.

A minister of broad sympathies :

Part of the building expansion here in Regina is due to the tax system. Speculation also has probably been somewhat lessened by the system. The heavy tax on land is a cause operating to force owners of vacant land to sell. Because of the heavy carrying charges, the members of my church, for instance, feel that they must sell a vacant lot which they own. The rent of houses and the price of rooms have

dropped considerably in the last year ; the tax system has probably had something to do with this. "From my general observation, I have come to the conclusion that the system is a good one for the rank and file of the people."

A reporter ; a property owner :

The system in force has had no effect upon speculation, but it stimulates building. The tax on buildings will probably not be reduced below thirty per cent. because of the anxiety lest the tax base should prove inadequate.

A newspaper editor :

The system thus far has had no effect on speculation or rents. It would seem that in the long run the heavier carrying charge must have an effect in discouraging speculation. It has already probably had some effect in retarding an advance in land values. Recently there has been a reaction in the sentiment toward the tax system, and there will probably never be a further reduction in the assessment on buildings ; there will certainly be no further reduction until another boom comes. There is considerable anxiety lest the tax base be seriously impaired, making necessary an increase in the tax rate. To reduce the assessment on buildings further under present conditions would operate as a hardship on heavy owners of real estate, and the real estate interests are strong enough in the council to dominate the situation.

A newspaper editor :

The general sentiment in the city is in favor of ultimately eliminating entirely the tax on buildings. The action which has been taken thus far by the city council must be accepted as being passed at the behest of the real estate interests ; for years back the professional real estate interests have had control of the council.

2. SASKATOON

THE CITY

Saskatoon is a typical prairie city, surrounded by great stretches of fertile wheat fields. It is a rival of Regina with which city it has many characteristics in common. But it is a much younger municipality than Regina. In 1903, when it received its first charter as a town, Saskatoon was a hamlet with only 113 inhabitants. By 1906, when it was incorporated as a city, the population had increased to 3,011. No exact enumeration has been made for some time and estimates of the present population vary considerably. It is probable, however, that there were in 1914 approximately 28,000 people in the city.

Like Regina, Saskatoon is largely dependent for its prosperity upon its ability to serve the farmers as a marketing place for selling their grain and produce and for purchasing their machinery and supplies. The Canadian Pacific, the Canadian Northern and the Grand Trunk Pacific railways enter the city. Strategically located almost midway between Winnipeg and Edmonton in a region poorly supplied with towns, Saskatoon has been able to develop a distributing business claimed to be second in importance only to that of Winnipeg.

The importance of the city as a grain center was recognized when it was selected as the location for an enormous elevator, the first of a proposed chain of elevators to be built under the direction of the Dominion Government. Although power must be generated by steam, some types of factories are beginning to develop.(1) Some substantial encouragement was given to a garment company for locating in Saskatoon, and the city incurred an indebtedness of \$85,000 to secure the location of a Quaker Oats plant.(2) Moreover, a by-law was passed in 1913, authorizing the city to borrow \$100,000 for the purpose of purchasing industrial sites.(3) By the end of 1913, \$43,799.02 had been spent for this purpose.(4) As additional evidence of artificial stimulation of growth, it should be noted that it has been the custom of the city to grant \$20,000 a year to the Board of Trade for publicity purposes.

The extremely rapid development of Saskatoon is indicated by the following table of total receipts and disbursements:

(1) Among the concerns of importance which have located in the city may be mentioned a tent and mattress factory, a garment factory, a gasoline tractor concern, a number of foundries, a large brewery and a branch plant of the Quaker Oats Company, of Chicago.

(2) By-law 521.

(3) By-law 480.

(4) Auditor's Report, Financial Statement, 1913, p. 40.

TOTAL RECEIPTS AND DISBURSEMENTS (a)

	Total Receipts.	Total Disbursements.
1903	\$6,885.97	\$6,551.64
1904	29,931.15	24,674.95
1905	28,870.16	25,472.19
1906	179,632.58	174,703.95
1907	170,516.00	173,338.12
1908	653,874.97	642,511.10
1909	747,509.29	761,308.67
1910	1,065,939.58	892,147.68
1911	2,075,833.12	1,886,821.67
1912	5,350,391.73	5,314,573.45
1913	6,446,543.15	6,692,468.35

(a) The figures given include receipts from public utilities and from loans.

The city owns practically all of its public utilities, including street railway, electric light and power companies, and the water works. In 1913 the electric light company yielded a favorable balance of \$30,555.17, and the water works a profit of \$4,113.70. The street railway, however, showed a deficit of \$19,664.83. In addition, the city owns a hospital, a market, and a cemetery. The net loss on all six of these enterprises amounted to only \$2,962.97. The telephone system is owned by the province.

The total receipts in 1913 from the millage rate and from frontage taxes was \$1,022,383.70. The corresponding sum for 1912 was \$692,328.44; and for 1911, \$419,296.74. The receipts of the public utilities in 1913 were \$698,168.10, and in 1912 they were \$291,508.64. The net sum realized from the sale of bonds in 1913 was \$1,706,493.03; in 1912, \$1,860,898.14; and in 1911, \$1,071,206.91. A poll tax brings in small amounts. (1) In 1913 the receipts from this source were \$3,561; in 1912, \$4,491; and in 1911, \$705. In 1913, licenses yielded \$29,689.30, and dog taxes \$1,574.

The expenditures for local improvements in 1913 amounted to \$824,683.94; in 1912, \$1,109,724.08; and in 1911, \$248,121.40. The debt payments, including the payments to the sinking fund, in 1913 were \$127,504.75; 1912, \$75,636.60; 1911, \$59,681.09. The debt limit of the city is twenty per cent. of the assessed value of taxable property and when a reduction is made in the assessment of buildings, a reduction automatically results in the borrowing power of the city. The outstanding authorized debenture debt on December 31, 1911, was \$3,254,021; 1912, \$5,916,842.81; and 1913, \$8,280,137.52. The debt situation on the first day of July, 1914, is shown in the following table:

(1) A poll tax is levied on all males over twenty-one years of age, who have resided in the city for more than three months and whose names do not appear upon the assessment lists.

STATEMENT OF DEBENTURE INDEBTEDNESS—JULY 1, 1914

	Total.	Public Utility.	Local Improvement (Special Assessment).	General.
Total Debentures authorized.. \$8,825,779.43				
Less Margins. 1,333.33				
	\$8,824,446.10	\$3,469,762.27	\$2,274,036.29	\$3,080,647.54
Less Debentures unsold.....	1,214,482.46	311,942.47	503,047.15	399,492.84
Balance—Debentures issued..	\$7,609,963.64	\$3,157,819.80	\$1,770,989.14	\$2,681,154.70
Less Sinking Fund \$427,484.28				
Repayment... 4,188.81				
	431,673.09	97,774.08	222,745.70	111,153.31
Balance—Net Debenture Debt	\$7,178,290.55	\$3,060,045.72	\$1,548,243.44	\$2,570,001.39

As will be seen, at this date the net debenture debt for all purposes amounted to \$7,178,290.55. The statement of general revenues and expenditures shows that the interest on the sinking fund and charges on the general debentures alone amounted in 1911 to \$168,078. A sinking fund of \$427,484.28 has been accumulated by July 1, 1914, against the outstanding debt. The statement made at the end of 1913 shows that the city has taken advantage of approximately fifty per cent. of its borrowing power. The loans made in 1911 were placed at 95.8 per cent.; those made in 1912, at 95.5 per cent. In 1913, when debentures were issued to the face value of \$1,988,812.25, \$1,706,493.03 was realized from the sale. The rate of interest on the outstanding debentures varies from four and one-half to five and one-half per cent.

THE TAX SYSTEM

The total tax levied in Saskatoon in 1913 was \$1,217,692.44. Of this sum, local improvement rates yielded \$203,024.75. The general municipal rate produced \$759,435.75; the public library rate, \$11,250.89; and the various school rates, \$243,981.05.

As in Regina, local improvements are expensive, because of the distance from the necessary raw materials and the low temperatures sometimes present. The standard lot in Saskatoon is twenty-five feet in width. The owners of real estate are subjected to a charge for water and sewer mains on a frontage basis. For a twenty-five foot lot this annual charge amounts to \$7.70. In case pavements and sidewalks were placed in front of the house, the annual local improvement charge against the abutting property would amount to \$18.69.

Saskatoon operates under the provisions of the Saskatchewan City Act, which has been analyzed above.(1) In 1911, the assessment of buildings in Saskatoon was reduced to fifty per cent. In 1912 the assessment was

(1) Cf. *supra*, p. 37.

✓ further reduced to thirty-five per cent., and in 1913 to twenty-five per cent., at which figure it now stands. (1) Until 1914 a tax was levied on income, but the incomes subject to assessment were so small as to make this class extremely unimportant. (2) In 1914 the tax on income was not levied but in 1915 it was reintroduced. A business tax is imposed on a floor-space basis. The assessed value per square foot varies from ten cents in the case of wood yards to \$7.50 in the case of banks. The business tax meets with very general approbation, although some complaint is found with the practice of assessing upper floors of a business establishment at the same rate as the lower floors. Some business men complained also that the rate of two dollars per square foot on general business was too high, but these, of course, are minor details.

In the table which follows are given the assessed values of taxable property in Saskatoon from the time of its incorporation as a village:

ASSESSED VALUE OF TAXABLE PROPERTY

	Land.	Buildings and Im- provements.	Business.	Income.	Gross Assess- ment.	Exemp- tions.	Net Assess- ment.
1903	.....	.....	.....	....	.....	.....	\$325,380
1904	.....	.....	.....	....	.....	.....	447,321
1905	.....	.....	.....	....	.....	.....	743,002
1906	.....	.....	.....	....	.....	.....	2,517,145
1907	.....	.....	.....	....	.....	.....	6,479,202
1908	.....	.....	.....	....	.....	.....	7,205,285
1909	\$6,076,660	\$1,520,015	\$1,130,197 (a)	\$3,800	\$8,730,672	\$574,315	8,156,357
1910	8,639,760	2,047,590	791,610 (a)	12,800	11,491,760	920,545	10,571,215
1911	21,525,758	2,575,070	1,117,072 (a)	3,200	25,221,100	1,826,555	23,394,545
1912	35,471,415	2,899,395	1,576,693	2,000	39,949,503	3,052,005	36,897,498
1913	54,463,930	3,573,980	2,003,346	7,120	60,048,376	3,793,879	56,254,497
1914	54,461,350	3,920,505	2,091,164	....	60,473,019	3,833,435	56,639,584
1915	\$49,727,875						

(a) These figures apparently include the sum of \$35,640, which was the assessed value of the franchise of a telephone company.

✓ It will be noted that, in 1911, in spite of the fact that the assessment on improvements was reduced ten per cent., the value of the buildings assessed increased from \$2,047,590 to \$2,575,070. In 1912, in spite of a further decrease in the assessed value of fifteen per cent.; the assessment figures showed a further increase of some \$300,000. In 1913 again, when another ten per cent. was taken off, the assessed value of buildings leaped from \$2,899,395 to \$3,573,980. It appears that, in the period during which the assessment of buildings was reduced from sixty to twenty-five per cent.,

(1) There is some consideration being given in Saskatoon at present to a proposal to increase the assessment on buildings.

(2) The receipts in the treasury in 1913 from the income tax amounted to only \$129.60.

the tax base showed no decrease, but on the contrary increased from \$10,571,215 to \$56,254,497. For, not only did the assessed value of buildings show no decline, but during the same period the assessment on land and on business increased enormously.

According to the statement of Assistant Assessor Smith, land values in Saskatoon have never been assessed at their full cash value. In 1913 he estimates that the assessment approximated ninety per cent. of the fair cash value of the land. During the three years before 1913, however, the assessment was only about eighty per cent. of the full cash value of the land. Before 1910 the assessment figures represent about ninety per cent. of the fair cash value. When one examines the assessment figures for particular pieces of land through this period of years, he can readily see how a careful assessor would be likely to drop his figures behind his general advance in values. The remarkable increase of land values during these years is plainly shown in the table given above. From 1910 to 1913 the assessed values of land increased from \$8,639,760 to \$54,463,930. Many individual pieces of property trebled in value in these four years. It is, of course, extremely difficult to ascertain fair cash values in a town which is growing as rapidly as Saskatoon was growing during those years. The 1913 assessment figures for land were allowed to remain practically unchanged in 1914.(1) Recently Saskatoon has been affected by the severe depression which obtains all through the Canadian Northwest and the assessment returns indicate that there has been a substantial contraction in values since 1913. The 1915 figures are approximately fifteen per cent. below those for 1914. The 1914 figures probably are somewhat high.

As is to be expected, in view of the increase in the tax base, it was found unnecessary to increase the tax rate. Indeed, in 1911, a reduction of three mills was made, and in 1914 a further slight reduction was found possible.(2)

TAX RATES

	General Municipal.	Public Library.	High School.	Public School.	Separate (Catholic) School.	Total (Public School Supporter).	Total (Separate School Sup- porter).
1906	....	....		....		18.	
1907	14.5	....		5.5		20.	
1908	13.2	....		5.		18.2	
1909	17.5	....		2.5		20.	
1910	16.4	....		4.6		21.	
1911	13.	....		5.		18.	
1912	14.	....	.5	3.5	5.	18.	19.5
1913	13.5	.2	.2	4.1	4.5	18.	18.4
1914	12.	.15	.4	5.	5.	17.55	17.55

(1) The 1913 assessment was made the legal assessment for 1914 by an act of the legislature. This was done to facilitate the introduction of a semi-annual collection system.

(2) These statements apply to the tax rate paid by public school supporters. The rate paid by separate school supporters showed an increase in 1912.

The separate school rate in Saskatoon applies to only a very small part of the tax base. In 1913 the public school rate applied to a base of \$51,999,467, and the separate school rate to a base of \$4,336,904.

The tax levies in Saskatoon for each year from 1908 to 1914 are given in the following table:

TAX LEVIES

	General.	School.	Library.	Total.
1908.....	\$95,109 76	.....	.....	.....
1909.....	142,736 25	.....	.....	.....
1910.....	176,277 68	.....	.....	.....
1911.....	304,129 05	\$116,972 73	.....	\$421,101 78
1912.....	516,564 83	150,251 79	.....	666,816 62
1913.....	759,435 75	243,981 05	\$11,250 89	1,014,667 69
1914.....	678,692 57	305,854 13	8,490 39	993,037 09

The item of unpaid taxes in Saskatoon, on December 31, 1912, was \$321,635.21. By the same date, 1913, this amount had increased to \$576,933.97.

Compared with the size of the tax levy, these amounts are indeed exceedingly large. In 1913 approximately 1,500 lots were sold for taxes. Practically all of these were redeemed, however, before the redemption period expired, on December 1, 1914.

✓ The testimony of the citizens of Saskatoon is that because of the great depression of the real estate market, and because of the large amount of vacant land which is held for speculative purposes, considerable distress has been experienced in paying taxes. The burden on the man of small means may be gathered from the following statement: the typical lot is twenty-five by one hundred and forty feet; such lots can be secured in fairly good neighborhoods from \$900 to \$1,000. The house which would be put up by a man in modest circumstances would probably cost about \$1,500; assessed at twenty-five per cent. of its value, plus the value of the lot, and at the 1914 tax rate, this means the taxes would amount to approximately \$22. In addition he would be subject to a special assessment charge, which would vary from approximately \$8 to \$19, depending upon the number of local improvements.

DATA FOR JUDGING THE EFFECTS OF THE SYSTEM

Building Operations

In Saskatoon no building permit is issued for work which involves the expenditure of less than \$100. The figures include, however, permits issued for removals as well as for construction of new buildings. In 1914 fully one-third of the permits issued were for removals. The following table shows the building operations in Saskatoon since 1907:

BUILDING OPERATIONS

	No. of Permits.	Value of Buildings.	
1907.....	70	\$377,211 00	
1908.....	62	115,635 00	
1909.....	255	1,002,055 00	
1910.....	433	2,817,771 00	
1911.....	791	5,111,306 00	
1912 { Jan. ....	..	\$13,880 00	
Feb. ....	..	69,700 00	
Mar. ....	..	206,525 00	
Apr. ....	..	1,485,700 00	
May ....	..	1,257,195 00	
June ....	..	1,601,000 00	
July ....	..	930,895 00	
Aug. ....	..	1,130,550 00	
Sept. ....	..	363,905 00	
Oct. ....	..	323,145 00	
Nov. ....	..	175,910 00	
Dec. ....	..	82,125 00	
	1,783		7,640,530 00
1913 { Jan. ....	..	\$58,220 00	
Feb. ....	..	62,000 00	
Mar. ....	..	251,685 00	
Apr. ....	..	559,170 00	
May ....	..	679,050 00	
June ....	..	249,310 00	
July ....	..	374,300 00	
Aug. ....	..	100,550 00	
Sept. ....	..	76,150 00	
Oct. ....	..	118,350 00	
Nov. ....	..	21,400 00	
Dec. ....	..	3,700 00	
	854		2,553,885 00
1914 { Jan. ....	..	\$2,200 00	
Feb. ....	..	9,550 00	
Mar. ....	..	22,700 00	
Apr. ....	..	96,250 00	
May ....	..	64,550 00	
June ....	..	106,700 00	
	309		301,950 00

The years of the reductions, 1911, 1912 and 1913, were years of great activity in building.

Of the 854 permits issued in 1913, 686 were for residences, and sixteen were for buildings of a value of more than \$10,000.

The movement toward apartment building has not yet become very great, although several are now being built. At the present time there are, according to the estimate of the building inspector, about twelve buildings devoted exclusively to apartments. Until last year the board of health did not permit the use of the upper floors in business buildings for living purposes. The dull times which have recently descended upon Saskatoon have influenced the board of health to abolish this restriction, so that at the present time there are a number of business buildings whose upper floors are being used for apartment purposes.

Under the provisions of a law passed April 2, 1913, the heights of build-

ings in Saskatoon are limited to ten stories.(1) At the present time the highest building is eight stories. There are some twenty reinforced concrete buildings over five stories high.

Credit Conditions

According to the estimate of Mr. George Martin, of the firm of Martin & Hargraves, financial agents and real estate dealers, the loan companies which sell bonds abroad and loan money on western real estate furnish approximately sixty-five per cent. of the loanable funds available for building purposes in Saskatoon. Next in importance to the loan companies as a source of such funds are the financial agents representing private individuals seeking investments for their capital; approximately twenty per cent. of the funds comes from this source. The remaining fifteen per cent. is secured from the life insurance companies. In placing permanent loans on improved property, the lender is accustomed to restrict his advance to from forty to fifty per cent. of a conservative valuation of the land and to the same percentage of the cost of the building. Loans on unimproved real estate may be secured only at extremely high rates of interest and only for a very small percentage of the apparent value of the property. Instances were quoted of ten and twelve per cent. interest being paid for loans restricted to one-fifth of a conservative valuation of the land. The residents of Saskatoon attach no significance to the tax system as a cause for the high security and high interest rates demanded for loans. Everyone of whom inquiry was made testified that there had been no effect upon sources of loanable funds due to the tax system.(2)

Thus far the citizens of Saskatoon seem to have had no difficulty in meeting the loans which they have placed upon their property. Mr. Hugh Smith, the assistant assessor, states that he has never heard of a mortgage foreclosure upon land in Saskatoon.

Land Values

From material already introduced,(3) it has become evident that the extremely rapid rise in land values in Saskatoon has been certainly arrested and perhaps changed recently into a decline. Few persons in Saskatoon attach any importance to the tax system as a cause for the present state of the real estate market. Several, however, spoke of the heavy carrying charge on land, due to the tax burden, as a factor operating to render land an unattractive form of investment.

Rents

The testimony of the citizens of Saskatoon is unanimous to the effect that the rent situation has been highly abnormal in that city. Until recently, Mr. A. H. Hanson testifies, a man with a building to rent could ask about

(1) "No building shall hereafter be erected or altered to exceed ten stories in height."

(2) Among those consulted on this point were Mayor Harrison, Mr. George Martin, Mr. Hugh Smith, and Mr. A. H. Hanson.

(3) Cf. *supra*, p. 59.

what he chose since there was a great under-supply of buildings of all kinds. Recently rents have taken a great tumble. In the business district they have dropped approximately fifty per cent., and in the residence district the drop has been almost as large. Alderman MacMillan feels that the tax system is partly responsible for this drop, in that it stimulated building and thus increased the supply of available quarters. Most of the citizens approached with regard to this matter, however, could see no connection between the tax system and the course which rents have taken.

Congestion

There are 50,262 parcels of real estate assessed in Saskatoon. Assistant Assessor Smith believes that this figure represents approximately the number of building sites available in the town. Building Inspector Harrison estimates that there are between 7,000 and 8,000 buildings covering between 8,000 and 9,000 lots. These figures would indicate that approximately five-sixths of the land within the city limits is at present unimproved.

There are 8,480 acres within the city limits. If the population is 28,000, there are approximately 3.3 persons to the acre.

The building regulations provide that a house may not be made more than twenty feet in width when placed upon a twenty-five foot lot.

Home Ownership

Building Inspector Harrison estimates that two-thirds of the houses in the town are occupied by their owners. Assistant Assessor Smith places the figure at sixty per cent., and in this estimate he is supported by Mr. George Martin.

Speculation

The fact that five-sixths of the land within the city limits is not in use, would indicate a large degree of speculation in the city. Here, as elsewhere, the custom of men of modest income investing in an extra lot or two as a speculation is quite common. Even in the poor residence districts, the assessment officials state, approximately one man in every twelve or fifteen owns a piece of vacant real estate which he is holding in the hope of a rise in value. Thus far the system of taxation seems not to have prevented practices of this sort. What the experience of the speculative interests during this time of depression may have upon the future cannot be accurately foretold. ✓

General Prosperity

POPULATION

1903.....	113	1909.....	9,000
1904.....	....	1910.....	12,383
1905.....	....	1911.....	18,096(a)
1906.....	3,011	1912.....	27,527
1907.....	4,500	1913.....	30,000(b)
1908.....	6,650	1914.....	28,000(b)

(a) The data upon which this figure is based was collected in October. It is not the Dominion census figure. (b) Estimated.

SCHOOL ENROLLMENT(a)

	Public School.	Separate School.
1910.....	1,325	...
1911.....	1,738	75
1912.....	2,508	130
1913.....	3,192	190

(a) The data in this table was very kindly furnished by Mr. H. H. Smith, superintendent of the schools of Saskatoon.

BANK CLEARINGS

	1911.	1912.	1913.	1914.
January	\$3,321,645 00	\$7,010,084 00	\$9,096,067 46	\$6,385,692 57
February	3,509,684 00	7,028,056 00	7,210,415 83	4,430,814 30
March	3,853,317 00	8,403,431 00	7,677,047 58	5,119,383 75
April	3,729,268 00	9,307,095 00	8,916,740 34	5,486,916 13
May	4,746,743 00	10,598,108 00	9,342,785 94	4,921,951 69
June	4,678,342 00	8,958,087 00	7,466,978 31	5,110,060 68
July	5,086,121 00	9,018,003 00	7,484,875 25	.....
August	5,401,743 00	9,122,020 00	6,136,479 20	.....
September	5,456,902 00	9,643,007 00	6,429,519 74	.....
October	6,561,005 00	11,430,785 00	8,597,272 60	.....
November	9,059,092 00	13,238,717 00	9,261,521 77	.....
December	8,687,086 00	12,141,084 00	8,415,019 25	.....
	\$64,090,948 00	\$115,898,477 00	\$96,034,723 27	\$31,454,819 12

RECEIPTS FROM STAMP SALES

Year ending March 31, 1906.....			\$9,985 00	
" " " " 1907.....			11,950 00	
" " " " 1908.....			20,480 00	
" " " " 1909.....			25,544 00	
" " " " 1910.....			34,204 00	
" " " " 1911.....			58,346 00	
" " " " 1912.....			81,355 00	
" " " " 1913.....			118,646 00	
Year ending March 31, 1914	{	Apr.	\$10,834 00	
		May	10,959 00	
		June	10,424 00	
		July	10,020 00	
		Aug.	9,086 00	
		Sept.	10,340 00	
		Oct.	12,585 00	
		Nov.	11,864 00	
		Dec.	14,060 00	
		Jan.	9,870 00	
		Feb.	8,800 00	
		Mar.	10,300 00	
	Apr.	\$10,480 00		
	May	10,151 00		
	June	9,844 00		
			<hr/>	30,475 00

GROSS POSTAL REVENUE(a)

Year ending June 30, 1900.....	\$442 82
" " " " 1901.....	245 80
" " " " 1902.....	666 34
" " " " 1903.....	2,055 57
" " " " 1904.....	4,195 45
" " " " 1905.....	6,335 44
" " " " 1906.....	9,985 76
Nine months ending March 31, 1907.....	11,619 82
Year ending March 31, 1908.....	19,711 21
" " " " 1909.....	25,344 80
" " " " 1910.....	37,204 04
" " " " 1911.....	59,829 26
" " " " 1912.....	84,119 61
" " " " 1913.....	127,328 22

(a) The data in the above statement is taken from the reports of the Postmaster General.

The data presented above indicate that the reductions in the assessment of improvements in 1911, 1912 and 1913 had no serious immediate effects upon general economic prosperity.

STATUS OF PUBLIC OPINION

Summaries of Interviews

A high city official:

The system in force offers an inducement to build and has a tendency to lower rents. There have been no noticeable effects upon speculation. The system is now beginning to operate to the disadvantage of the man who owns unimproved real estate. The present rate of assessment on buildings is too low. It would be better to raise it to at least thirty-five per cent. ✓

A city official:

The system stimulates building but seems to have no effect upon rents. It has not the slightest effect upon speculation. The present rate of twenty-five per cent. on buildings is fairly satisfactory and the council will not reduce this rate.

A city official:

The plan in force stimulates building and on the whole has a tendency to retard speculation.

A city official:

The system stimulates building but has not had any effect upon speculation. The rent situation is abnormal in Saskatoon. During recent years the demand has been so great for buildings that exceedingly high rents were obtainable. The reduction in the rate of assessment on buildings has not proceeded further than twenty-five per cent. because land values have ceased to expand. To reduce further the assessment of buildings would, under these conditions, involve an increased tax rate which is very undesirable from the point of view of advertising and publicity. Anyway, buildings should be taxed on at least twenty-five per cent. valuation, for they require special service such as fire and police protection.

A city official:

The plan of underassessing buildings is a good one. It stimulates building. It has thus far, however, had no effect upon speculation. But

people until recently have not taken taxes into consideration. Hereafter the effect upon speculation may be expected to become apparent.

A city official:

It seems just that buildings should be assessed at a somewhat lower rate than land; and twenty-five per cent. seems a fairly satisfactory figure. Although formerly a single taxer I do not favor a further reduction in Saskatoon. There is no evidence of any desire on the part of the people of the community to return to a higher assessment of buildings. It is difficult to say whether the system has really had any particular effect in stimulating building. It probably has retarded speculation somewhat.

An alderman; a large merchant:

The system in force was primarily a real estate movement at the beginning. No ill effects have developed and the whole tax on buildings will probably be taken off later. The system operates to encourage building and to lower rents. Rents of store rooms have dropped from about \$300 to \$175 a month. This drop is traceable to some extent to the tax system. The large rentals were received when there was a lack of facilities and the tax system has operated to change the situation by encouraging building. Until recently people have not thought about the tax question to any great extent. Now the men who find themselves in time of depression with vacant property upon their hands are beginning to think about taxes.

An alderman; a retail merchant:

There has been no effect upon speculation traceable to the system. Speculators never consider taxes as an element in their calculations. Moreover it is probable that it has not had any effect upon building. Saskatoon would have built up as rapidly under the old scheme of taxation.

An alderman:

In a new community a middle course should be steered in tax matters. Some plan should be adopted which would throw a particularly heavy charge on the speculator; and yet buildings should not be exempt entirely because they are real revenue producers and are needed as one of the sources of income; therefore the taxation of buildings on the basis of an assessment of a small percentage of their value is an attractive plan. Land in itself is not a sufficiently stable commodity in a community of this sort to serve as an entirely satisfactory tax base. Moreover it is not desirable to contract the present tax base. The present system operates to stimulate building or to compel the man to pull out his money.

An alderman:

The system is well liked here and the city will probably never go back to a higher tax on buildings. It discourages speculation and encourages building but seems to have no effect upon rents.

An alderman:

Two years ago I was in favor of "going the limit" toward land taxation. The reports of the good effects produced in Vancouver were responsible for this attitude. Having heard unfavorable reports from Vancouver, I am doubtful as to the advisability of putting all taxes on the land. In Saskatoon the assessments on buildings will never be further reduced. One of the reasons why the system was

adopted in the beginning was because it was hoped that it would stimulate building. It has had that effect. There has been no noticeable effect on speculation, on land values, or on rents. Rents have recently taken a big drop, but this is due to other causes than taxation.

An official in a trade association :

I am the father of the single-tax movement in Saskatoon. Joseph Fels and Mayor Taylor of Vancouver sent me material which was published in the newspapers. A further reduction should not be made in Saskatoon, however, lest it "discourage investors in vacant land." There is no sentiment in Saskatoon in favor of the appropriation by the state of land values. The idea is absurd that the individual has no right to realize something out of the increase in the growth of the community. The rate of assessment for improvements will probably some time in the future be further reduced but this will not be done for a decade or two. The connection between the tax system and growth of population is not direct. No settler ever inquires about the tax system. Saskatoon is not at the present time an attractive place for the man who is heavily burdened with unimproved real estate. The man who is wise is the man who got rid of his land some time ago.

A wealthy, retired business man :

Under the law governing taxation for rural schools it was possible long ago to tax lands only for this purpose; so that the idea was more or less familiar very early in the history of the town. It is folly to ascribe our prosperity to our tax system. It has had some good effects, however. It discourages holding large tracts of unimproved land and it induces building. Its effect on rent is not clear. Rents have dropped almost fifty per cent. recently but times have been too feverish for rents to settle to a normal level. Although not a disciple of Henry George I believe that it is poor policy to penalize the man who improves his property. It cannot be said, however, that the system has accomplished everything which was hoped for it; but on the other hand one cannot say that it has been a great disappointment. Some of the effects have not yet become clear. There is no sentiment in the town in favor of a further reduction at present but ultimately the assessment on buildings will probably be reduced to zero. The whole scheme is more of an experiment than anything else and our experience must not be taken as significant for New York. "Come back in fifty years and we shall have shaken down into our proper place." One thing is evident: reductions should be made gradually. It is very possible to go too fast.

A real estate man :

The attractions of the system are that it builds up the city, makes it more compact, prevents the everlasting spreading of the commercial district and makes it impossible to hold high-priced lots unimproved. There has been no noticeable effect upon speculation. The city has outgrown the development of the country around it and is in the midst of a depression. A very conservative policy should be followed in eliminating the remaining assessment on buildings. Reductions should be made very slowly.

A real estate man :

The tax system has not made a dollar's worth of difference in the development of the city. It has not caused more buildings or fewer buildings. "I have never taken taxes into consideration in my

operations and I think that no one else has." When an opportunity offered to make fifteen or twenty per cent. by putting up a building the money was put into the building, and when such an opportunity did not offer the money was invested in land. "As an owner of vacant property I am strongly in favor of as much single tax as I can get. If the rate can be made high enough to induce the holders of real estate to build sooner or better, so much more rapid will be the increase in the value of the vacant property which I buy and sell."

A member of a firm which acts as financial agent in lending money:

The system stimulates building and discourages speculation; but it involves some consequences which are undesirable if imposed quickly. A change to the land tax basis should be made very gradually.

A university professor:

Things have been too much in a state of flux to draw any conclusions as to the effect of the tax system. The plan seems to be well adapted to a town of this type. A further reduction in the assessment of buildings, however, is not desirable. Many of the buildings are revenue producing and should bear part of the tax burden. Two years ago the community was very enthusiastic upon the single tax, but a reaction has taken place and public sentiment is now decidedly opposed to further reduction. Personally it does not matter much where they put the tax, as my lot is worth about the same amount as the house. Many rich men are having a difficult time of it paying their taxes at present. There are no fears, however, for the future of the Saskatoon district. Such evils as are present are artificial, due to the contraction of the source of loanable funds, the aftermath of speculation. The richness of the agricultural lands is the real foundation of the prosperity of the town and region and crops are good. Many real estate men have left the town and a number of others have transferred their money from vacant land to building blocks.

A minister:

The effects have been very slight in the past. There is at present some complaint about the weight of the tax burden from men who own much vacant land; but probably there would be as much complaint if taxes were thirty or forty per cent. lower than they are, for any tax at all would be a burden just now.

A successful lawyer:

In the past taxes have not been taken into account. I certainly have not considered them in the buildings I have built or the real estate I have bought. Moreover I do not think that others have done so to any noticeable degree. But to-day I will not accept vacant land in settlement of a claim if I can help it because of the heavy carrying charge I must pay over this period of depression. Reductions in the assessment of buildings can be safely made only when there are considerable increases in land values. A proposal which contemplates a fixed reduction year after year without allowance for years of depression might involve a decrease too rapid to be easily borne.

A school teacher:

The assessment rate on buildings should be low in a community such as this where there is much speculation and much non-resident ownership. Such a system should operate to stimulate building and discourage speculation. Thus far, however, no such effects are noticeable in Saskatoon.

A newspaper editor:

The results of the reduction of the tax on buildings have not justified expectations. It was undertaken in the beginning partly at the instance of the single taxers. Building operations seem to have been stimulated somewhat, but there has been no effect on speculation. Perhaps from this time on the effect on speculation will become more evident. Owners of vacant real estate, particularly those who own property near the center of the town, are beginning to feel the weight of the carrying charge. People are beginning to see that taxes must be levied on ability-to-pay. Vacant land itself cannot pay. With the collapse of the real estate boom people found it necessary to have the tax upon something that is revenue producing. The present rate of twenty-five per cent. on buildings will probably neither be increased or decreased for a long time in the future. Personally I should like to see the rate forty per cent.

A newspaper reporter:

If any change is made in the percentage of buildings assessed it will doubtless be upward; and such a change is very likely to be made.

The editor of a weekly paper:

The economic condition of Saskatoon is much more serious than the people realize. They expect the present depression to be relieved very soon; but relief will not come for many years. The fundamental richness of the country cannot be denied; but the values of the city real estate anticipate the far distant future. The distant future will take care of itself very nicely; the immediate present is another question. Many men who counted themselves rich two years ago and who did not get rid of their real estate are in real distress. An acquaintance who owns a half section laid out into lots within the city limits confided that he was greatly worried about his grocery bill. With taxes due on a piece of land assessed at \$20,000, "I, myself, do not know where in the world to get the money to pay them with." The heavy land tax makes it difficult to carry vacant land. Every one feels it. Up to this time people have paid absolutely no attention to taxes; they have been an unimportant detail. People paid them cheerfully. There has been no public discussion about them and they have not entered into calculations. Now, for the first time, attention is being called to them. It is foolish to say that land has not depreciated in value. The bottom has fallen entirely out of the market. No prices are being quoted. The real selling value of the land is much below what it was two years ago; and unless the property owners are willing to face the situation and dispose of their holdings at very greatly reduced prices, sheriffs' sales will result. There has been no effect on building traceable to the tax; not one building has been erected in Western Canada which would not have been built just the same, tax or no tax. ✓

D. ALBERTA

In Alberta the movement toward land-value taxation has in some respects progressed further than in any other province. There a Provincial Government, very favorably disposed toward the single tax ideal, has co-operated freely with such cities as desired to take steps toward the adoption of the system and, moreover, has itself initiated legislation tending to shift the taxes to the land wherever it possessed jurisdiction.

The Province

This province, which lies west of Saskatchewan, includes within its boundaries approximately 250,000 square miles. In this territory is to be found a great variety of conditions, economic and topographical. To the east there are wide areas of clear prairie where wheat-growing is almost the exclusive occupation. To the west are the mountains. Between are numerous wide stretches of lightly wooded country where rich soil and plentiful rainfall make mixed farming a profitable occupation. In some parts of the southern section of the province, however, irrigation must be resorted to in order to secure the best results. A very large proportion of the province is underlaid with coal. In the southwestern section the mining industry assumes considerable proportions, while even as far north as Edmonton there are mines which supply the local demand. In the eastern part of the province wood is almost entirely absent. In the central portion light growths of poplar appear and nearer the mountains there are very heavy stands of various kinds of timber. Little has yet been done toward the development of the lumber industry, but this is expected to assume large proportions with the completion of the new railway service which will be afforded by the Canadian Northern and the Grand Trunk Pacific. In addition to these two railways, which are now near completion, the province has long been served by the Canadian Pacific system, the main line of which passes through Calgary on its way to the coast. Branch lines radiate from Calgary in several directions.

Stock raising has since early times been an industry of considerable importance in Alberta, but recently it has received a new impetus.

Interest is just beginning to develop in some of Alberta's resources. Only in the last few years has the great store of natural gas been utilized. There are indications of the presence of large quantities of oil. Steps are now being taken to drill for this product.(1)

Like the other provinces of Canada, Alberta raises little money from direct taxes on property. The three direct taxes on property which are levied for provincial purposes, however, are all interesting types of special land taxes. They are the unearned increment tax, the wild lands tax and the timber areas tax.(2)

(1) Cf. *infra*, p. 110.

(2) Cf. *infra*, pp. 73, 75. An act passed late in 1914 provides for a small acreage tax on timber areas. Alberta statutes, 1914, c. 15.

As will be seen from the statement of estimates for 1914, 17.4 per cent. of the total revenue is received from the Dominion Government in the form of subsidies and receipts from public school lands. Fees, licenses, fines and corporation taxes contribute substantial sums. It should be noted that included in the total are moneys borrowed to the amount of \$3,600,000. One million is expected as the receipts from telephones.

ESTIMATED REVENUE, 1914

Estimated Balance, 1913.....		\$859,175 00
Dominion Subsidy (\$1,440,375.00)—		
Government and Legislation.....	\$180,000 00	
Population, 600,000 at 80 cents per head.....	480,000 00	
Debt Allowance	405,375 00	
Compensation for Public Lands.....	375,000 00	
		1,440,375 00
School Lands Fund (\$260,000.00)—		
Interest on Principal Moneys and other sources.....		260,000 00
Treasury Department (\$2,915,000.00)—		
Interest on Bank Balances.....	25,000 00	
Insurance Branch	50,000 00	
Taxation Unearned Increment on Land.....	210,000 00	
Interest on Advances made on Account of Elevators.	30,000 00	
Part Proceeds of Loan under Act, 1913 (2nd Session)	2,600,000 00	
		2,915,000 00
Attorney General's Department (\$1,260,300.00)—		
Fines and Forfeitures.....	100,000 00	
Commission and Notary Fees.....	3,300 00	
Clerks of Courts.....	145,000 00	
Sheriff's Fees	40,000 00	
Magistrates' Fees	7,000 00	
Land Title Receipts.....	640,000 00	
Succession Duties	60,000 00	
Liquor License Fees <i>etc.</i>	250,000 00	
Sundry Receipts	15,000 00	
		1,260,300 00
Provincial Secretary's Department (\$350,000.00)—		
Licenses and Fees under Statutes.....	145,000 00	
Corporations Taxation Act.....	130,000 00	
Railway Mileage Tax Act.....	75,000 00	
		350,000 00
Public Works Department (\$200,000.00)—		
Steam Boiler Inspections and other Fees.....	20,000 00	
Coal Mines Act.....	7,000 00	
Surveys	173,000 00	
		200,000 00
Education Department (\$5,000.00)—		
Examination Fees		5,000 00
Agriculture Department (\$318,500.00)—		
Fees: Game Licenses, Sale of Estray Animals and other Fees	38,000 00	
Reimbursement of Advance on Butter and Poultry..	200,000 00	
Repayment, Account Seed Grain.....	5,000 00	
Repayment, Loans to Creameries.....	2,500 00	
Demonstration Farms	70,000 00	
Poultry Breeding Plant.....	3,000 00	
		318,500 00
Railways and Telephones Department (\$2,000,000.00)—		
Receipts from Telephones.....	1,000,000 00	
Part Proceeds of Loan under Act 1913 (2nd Session)	1,000,000 00	
		2,000,000 00

Municipal Affairs Department (\$110,000.00)—		
Educational Taxes	100,000 00	
Tax Certificate Fees.....	5,000 00	
Redemption and other Fees.....	5,000 00	
		110,000 00
Legislative Assembly (\$5,000.00)—		
Private Bills		5,000 00
Government Printer (\$8,000.00)—		
Official Gazette, Printing <i>etc.</i>		8,000 00
		<u>\$9,731,350 00(1)</u>

The public accounts for 1913 show that at the end of that year the public debt of the province amounted to \$18,998,133.31. Of this amount the sum of \$3,664,599.99 was in the form of short term treasury bills. The debt was incurred for the following purposes:

(1) The following statement shows the revenue and expenditure account of the Province of Alberta for the year ending December 31, 1913:

Revenue—		
Dominion Subsidy	\$1,260,105 40	
Seed Fair	1,613 65	
School Lands Fund.....	223,612 30	
Treasury Department	1,031,680 36	
Attorney General's Department.....	1,111,230 50	
Provincial Secretary's Department.....	333,934 64	
Public Works Department.....	232,771 78	
Education Department	5,245 01	
Agricultural Department	199,099 86	
Municipal Department	87,457 13	
Legislative Assembly	12,876 31	
Executive Council	1,900 00	
Government Printer	9,797 57	
Telephones	880,559 44	
Miscellaneous	8,020 68	
		<u>\$5,399,904 63</u>
Expenditure—		
Public Debt	\$576,582 38	
Civil Government	392,400 25	
Legislation	183,056 08	
Administration of Justice.....	703,430 51	
Public Works	515,062 67	
Education	713,733 36	
Agriculture and Statistics.....	428,880 40	
Hospitals and Charities.....	117,657 11	
Public Institutions	188,618 59	
Miscellaneous	569,107 65	
Remissions	4,338 96	
Telephones	815,788 96	
Government Printer	16,927 22	
		<u>\$5,225,584 14</u>
Surplus of Revenue over Expenditure.....		\$174,320 49

The proceeds from loans amounted in the year 1913 to the sum of \$10,513,605.54; and the expenditure on capital account during the same period amounted to \$10,168,453.32. In addition to the item credited to telephones in the income account as given above, the sum of \$5,738,150.08 was received as a part of the telephone revenue from the proceeds of the sale of debentures, treasury bills *etc.*, making the total revenue of the telephone department \$6,618,709.52. The expenditure on capital account including the redemption of treasury bills in connection with the telephone department, amounted to \$4,780,678.64.

Public Accounts of the Province of Alberta for the year ending December 31, 1913.—Edmonton, Government Printer, 1913. P. 5 *et seq.*

PROVINCIAL DEBT

Telephone Expenditure	\$5,336,199 99	
Elevator Expenditure	1,000,000 00	
		\$6,336,199 99
Public Expenditure		12,661,933 32
Total		\$18,998,133 31

The cost for the debt service for the year 1913 was \$576,582.38.(1) The amount called for in the estimates for 1914 on account of interest and capital in connection with the public debt was \$675,000.(2)

The province makes it a practice to distribute from general provincial funds considerable sums of money as grants to municipalities, towns and villages for educational purposes.(3) In 1913 the sum of \$480,000 was distributed in this manner. The amounts going to the various cities of the province were as follows:

DISTRIBUTION OF SCHOOL MONEYS

Edmonton	\$38,346 28
Calgary	37,628 60
Lethbridge	9,719 35
Medicine Hat	4,048 94
Wetaskiwin	2,212 20
Red Deer	1,972 40

Grants are also made to localities to aid in paying the expenses of libraries and hospitals.

In those parts of the province which lie outside of the limits of any organized school district a special educational tax is imposed under the direct supervision of the provincial government. The administration of this "Educational Tax Act" is intrusted to the minister of municipal affairs.(4) The rate is levied on the acreage basis, although upon petition to the department of education, land values may be used instead. The charge amounts to one and one-quarter cents per acre. Land held on grazing lease from the Dominion of Canada is taxed only one-half cent per acre. Land which is being acquired on the homestead plan is exempt for four years. The sum of \$80,620.67 was received during the year 1913 from this source.(5)

Land lying outside of any organized municipality is subject to a tax of three and one-eighth cents per acre for public works.

The Increment Tax

A new source of revenue of the Province of Alberta is an increment tax on real estate. This seems to be the first increment tax adopted by any

- (1) Public Accounts, 1913, p. 266.
- (2) Estimates, 1914, p. 4.
- (3) Statutes of Alberta, 1913, second session, c. 15. An Act Concerning School Grants (assented to 1913).
- (4) Statutes of Alberta, 1907, c. 18 (assented to March 5, 1908); *ibid.*, 1910, second session, c. 2 (assented to December 16, 1910); *ibid.*, 1911-12, c. 4 (assented to February 16, 1912); and *ibid.*, 1913, second session, c. 2 (assented to October 25, 1913).
- (5) Public Accounts, 1913, p. 20.

✓
taxing authority on this continent. It was "assented to" October 25, 1913, and was put into operation immediately. The idea was obtained from the famous Lloyd-George Budget of 1909. Five per cent. of the increases in land values are appropriated by the provincial treasury. The law is so drawn that only in rare instances is the rate applied to other than urban lands.

Section three, subdivision one, of the act reads:

There shall be payable upon the registration under *The Land Titles Act* of any transfer of land a tax of five per cent. on the increased value of the said land over and above the value thereof according to the last preceding value for the purposes of this Act, excluding in all cases the cost of improvement or development work actually made or done upon or in connection with the said land.

In addition to the allowance for the cost of improvements, exemption from the tax is extended to farm land, with certain limitations. Farm land is described as "undivided land of which at least ten per cent. was under cultivation and which was actually and *bona fide* used by the transferor for agricultural purposes during the twelve months preceding the transaction which results in the transfer" (Sec. 3, sub. 3). Excess area of such land beyond 640 acres, "in which the transferor was beneficially interested immediately before the transaction which results in the making of the transfer" is subject to the five per cent. levy, but only "to the extent of the excess value of the land transferred beyond the sum of fifty dollars per acre without improvements" (Sec. 3, sub. 3). The revenue from such a levy on farm land would of course be negligible but the real purpose of this provision is doubtless social rather than fiscal. It is evidently intended to discourage the practice of building up large estates.

The 1913 municipal assessments were adopted, at the suggestion of Provincial Treasurer C. R. Mitchell, as a level from which increases in value should be measured. This course saved the Provincial Government the expense of making a general assessment. But assessments were available only for the lands included within the limits of the municipalities at the time of the passage of the act, October, 1913, for, until recently, direct taxes in Alberta on land in the country have been levied on an acreage basis. To meet this situation the act provides that lands brought within corporation lines after that date be given an arbitrary initial valuation of fifteen dollars per acre (Sec. 14). Much of the land which has been or is about to be annexed to the various municipalities is worth more than this amount, a great deal of it being valued at more than one thousand dollars per acre. An initial valuation higher than fifteen dollars per acre may be obtained if the owner cares to demand it of the registrar of land titles within a year. But the initiative must come from the landowner. Thus the provincial government escapes the expense of any assessment at all. But the owners of these outlying tracts have thus far shown little disposition to seek a high initial valuation for their lands. The officials feel that this is because of carelessness, and they antici-

pate loud complaint when the year of grace shall have expired and the fifteen dollar minimum is enforced.

To assist in the administration of the law, the secretary-treasurer of every municipality is required to furnish the registrar of land titles with a copy of his assessment roll as finally revised (Sec. 5, sub. 1). The registrar must then note the assessed value upon the certificate of title of each parcel of land (Sec. 5, sub. 2). Payment of the tax is made a necessary condition to the registration of the transfer (Sec. 6). No tax is levied upon the registration of any land grant from the crown or upon the transmission of the land of a deceased person to his heirs (Sec. 3, sub. 2).

To prevent fraud through misstatements of the purchase prices of lands, it is provided, through amendments to The Land Titles Act, that both transferor and transferee shall take oath as to the consideration involved (Sec. 117, sub. 2). Moreover, if the registrar is not satisfied that the sworn statements are correct, he may cause an independent valuation to be made, which shall be binding for the purposes of the act (Sec. 117, sub. 4). It is the opinion of the officials that some misstatements are made in the transfers in spite of these provisions, but they feel that these are not of particular moment. "If the value is not caught this time, it will be the next" is their attitude.

During the two months in which the law was in operation in 1913, \$5,446.50 constituted the receipts from the increment tax. The estimates for the year 1914 counted upon \$210,000 from this source, but the receipts for the first six months of the year amounted to only \$21,476.70. The assessments adopted under the terms of the act as the initial level from which to measure additions in value were very high, and the present depression in real estate has prevented the law from being an efficient revenue producer. With a return of real estate activity it is expected that the tax will become of very much greater fiscal significance.

The Wild Lands Tax

Late in 1914 the legislature of Alberta passed an act levying a special tax for provincial purposes on "wild lands."⁽¹⁾ A rate of one per cent. was imposed upon the value of all land in the province which was not specifically exempted. The most important exemptions are: land for which homestead entry has been made; land held under grazing lease from the Dominion and actually used for grazing purposes; land within the limits of an incorporated city, town or village; enclosed land used for grazing purposes to at least the minimum degree specified in the law (one horse or head of cattle or three sheep to each ten acres during six months of the preceding year); land owned by a *bona fide* farmer, actually residing on some portion of the same, to the amount of 640 acres; and the land of any owner where one-fourth of its area is under cultivation.

(1) Statutes of Alberta, 1914, c. 3 (assented to October 22, 1914).

The section describing the mode of assessment reads as follows:

Land shall be assessed at its actual cash value as it would be appraised in payment of a just debt from a solvent debtor, exclusive of the value of any buildings erected thereon or of any other increase in value caused by other expenditure of labour or capital thereon.

The law has been passed so recently that no information is available as to its operation or effects.

The Municipalities

There are five distinct types of local governments in Alberta possessing power to levy taxes.(1) The six cities within the province operate under special charters. The towns, villages, local improvement districts, and the rural municipalities operate under general laws. In all of these municipalities there is discernable a strong tendency toward special land taxation. This tendency has been encouraged by the Provincial Government through ready acquiescence to changes in the special charters and the general laws, designed to carry the various local governments as far as possible toward the land tax ideal.

The Cities

In Edmonton, in Medicine Hat and in Red Deer, the taxes are confined almost entirely to land values. Calgary, the largest city in the province, in addition to taxing land, taxes buildings at twenty-five per cent. and personal property at sixty-six and two-thirds per cent. of full value. Wetaskiwin and Lethbridge tax personal property and improvements as well as land. The situation in Calgary and in Edmonton is reserved for full treatment.(2)

Medicine Hat is a city of 16,000 inhabitants. In 1913 its total assessment was \$20,393,950; the sum raised from taxes was \$284,059.00; and its debenture debt amounted to \$3,563,360.41.(3) The change to the land tax basis was made in Medicine Hat on January 1, 1912.

Red Deer is a settlement with a population of 3,500. Its total assessment in 1913 was \$4,383,380; its taxes the same year amounted to \$78,334.-62; and its debenture debt was \$368,427.70.(4) Before 1912 land was assessed at its full value, and improvements and personal property were assessed at fifty per cent., stock and machinery of manufacturing plants

(1) This statement does not take into account the school districts. As has been seen before (*cf. supra*, p. 73), the school taxes in the territory lying outside of the limits of any organized municipality are collected by the department of municipal affairs, and consist of a tax on land levied on the acreage basis, except where the assessment has been changed to the land value basis through petition. In the school districts within the rural municipalities, school taxes are levied on the land value only. In the village school districts, taxes may be levied on personal property for school purposes. In 1913 the assessment of personal property was limited to sixty per cent. of its value; in 1914 this percentage was reduced to forty-five per cent. No improvements may be taxed for school purposes. School taxes in the town school districts are levied entirely on the land.

(2) *Cf. infra*, pp. 85, 108.

(3) Annual Report, Department of Municipal Affairs, 1913, p. 63.

(4) *Ibid.*

being exempt. In 1912 the tax on improvements was eliminated, but personal property continued to be assessed. At the present time the city derives its revenue from the tax on land values and a business tax.

Lethbridge is a city of 11,070 people, with a total assessment of \$25,-251,810, taxes amounting to \$460,995.25, and a debenture debt of \$3,229,646. A surtax is levied on vacant land and special concessions are given to improvements. It had been the intention to eliminate entirely the assessment on buildings in 1914, but this plan has been abandoned. The situation is well summarized in the following letter from Mayor W. D. L. Hardie:

Replying to yours of December 29, 1914, received to-day, may say that in 1912 times were very good here. The city was progressing very rapidly, and our city council of that year thought they should do what many of the other cities in the West were doing, and amongst other things they were going in for single tax. Our council was guided by Calgary which started in on the progression method. In 1912 our council decided to reduce the assessment on buildings $33\frac{1}{3}$ per cent. In 1913, the year I was elected mayor, the council decided to reduce the assessment on buildings another $33\frac{1}{3}$ per cent., or a total reduction of 67 per cent. This was against my desire, because I felt we did not know enough about single tax. I only knew the theory as propounded by Mr. George, and had no practical knowledge of the single tax. I desired further light. Dimly I see that single tax is the proper method, but "conditions alter cases" is true of this as of other advances in civic government. If the whole burden of taxation is put on the land, our outside subdivisions will not pay their taxes unless a big revision downward is made in the assessment. Again, our city covers a large area (10.85 square miles) with many vacant lots between buildings. The single tax met with approval from all parties when real estate was moving, but now when things are quiet the real estate men are kicking. At the same time I see no logic in their kick, excepting that there is a superassessment on vacant lots in addition to regular assessment within certain limits of the city.

In 1914, commission government came into effect. I was elected for four years as mayor and commissioner of finance, police, fire *etc.* I was still much in the dark about single tax, and did not do anything in that line further than in 1913. However, in the latter part of 1914 we appointed a citizen's committee of fifteen burgesses in all sections and of all grades in our city. They had very great difficulty in getting to an agreement, but finally practically agreed that the assessment for 1915 should remain as it was in 1914; *i. e.*, $33\frac{1}{3}$ per cent. on buildings. The buildings value is about \$6,000,000, of which \$2,000,000 is the assessment on buildings, the balance of a total taxable assessment of \$17,800,000 is on the land. The following are "specials" not included in tax levy.

Answering your questions in the order put:

We tax on stock in stores for sale and plants of factories 66 per cent.

We have a superassessment area on which we tax twenty-five per cent. of assessed value. This is on property not too far removed from the business centers.

We also have a frontage tax on sewers, watermains and boule-

wards. In this respect our charter gives us the right to impose fifteen cents per foot for all three, but so far we have never exceeded five cents per foot for the three in combination.

The question of taxation is a most troublesome one. If you have any literature that gives practical information, you would do me a great favor if you would let me have some of it.

I am governed altogether by Davie Crockett's admonition, "be sure you are right, then go ahead." My difficulty in connection with single tax is to "be sure."

Wetaskiwin, the smallest city in the province, has a population of 3,000, with a total assessment of \$2,863,769. Its taxes in 1913 amounted to \$64,776.20; its debenture debt was \$288,675.61. Land, personal property, and improvements are assessed for taxation, the latter at eighty per cent. of their value. The charter provides that the assessment of buildings shall be reduced to at least seventy-five per cent in 1915.

The Towns

To incorporate as a town, a community must have a population of 700 persons. Before 1912 this population limit was only 400. Moreover, some towns have decreased in population, their status as towns nevertheless not being disturbed. As will be seen from the following table, the towns vary greatly in size, some containing as few as 400 and others as many as 3,000. In addition to the statistics on population the table presents data showing the assessment, the taxes and the debenture debt of towns in 1913:

STATISTICS OF TOWNS—1913 (a)

	Population.	Assessment.	Total Taxes.	Debenture Debt.
Athabasca	2,000	\$1,763,682 00	\$38,773 60	\$304 00
Bassano	1,500	1,670,360 00	31,736 84	151,600 00
Blairmore	2,200	547,652 00	5,476 48	58,709 43
Bow Island	500	402,295 00	11,200 00	40,000 00
Brooks	700	328,955 00	9,815 45	.....
Camrose	2,100	1,701,725 00	53,229 60	177,823 52
Cardston	1,600	1,339,835 00	27,996 21	95,602 00
Carmangay	420	222,875 00	.....	35,000 00
Castor	1,700	399,960 00	.....	47,000 00
Claresholm .....	....	849,045 00	30,240 65	.....
Coleman .....	....	189,301 00	.....	.....
Coronation	1,200	502,905 00	20,390 58	59,113 00
Daysland .....	....	154,580 00	3,654 00	.....
Didsbury	1,000	234,140 00	13,351 00	23,500 00
Diamond City	400	151,746 00	1,235 68	3,200 00
Edson	1,700	2,854,857 00	73,667 44	.....
Fort Saskatchewan	950	329,873 00	9,130 63	69,503 86
Gleichen	1,000	349,160 00	12,037 48	38,123 73
Granum .....	....	146,292 00	8,211 46	.....
Grouard	1,201	918,625 00	25,830 80	.....
Hardisty	600	155,457 00	7,012 56	8,895 18
High River	1,500	607,695 00	38,170 91	147,756 84
Innisfail	850	228,255 00	11,412 75	28,950 00

(a) Annual Report, Department of Municipal Affairs, 1913, pp. 64-65.

	Population.	Assessment.	Total Taxes.	Debenture Debt.
Irvine	540	\$330,425 00	\$10,200 00	\$5,167 26
Leduc	700	350,000 00	10,000 00	11,289 75
Lacombe	1,500	596,432 00	16,700 09	79,140 21
Macleod	3,000	4,768,840 00	68,172 20	558,717 27
Magrath	1,400	132,647 00	8,638 15	33,613 43
Morinville	500	247,000 00	4,940 00	.....
Nanton	900	335,070 00	9,046 89	22,475 00
Okotoks	625	194,535 00	11,173 92	17,329 94
Olds	1,100	284,696 00	8,540 88	8,400 00
Pincher Creek	1,250	516,220 00	16,509 04	86,916 30
Ponoka	720	302,874 00	6,663 20	15,735 45
Raymond	1,700	893,010 00	21,058 28	58,090 57
Redcliff	2,500	2,962,709 00	59,254 00	253,600 00
St. Albert	1,050	536,880 00	8,049 68	45,039 86
Stettler	1,700	1,020,025 00	36,869 98	44,733 40
Stony Plain	510	124,936 00	6,000 00	.....
Strathmore	600	217,998 00	10,137 50	21,000 00
Stavely	400	160,020 00	6,088 10	1,400 00
Taber	2,500	1,258,485 00	35,237 58	115,273 85
Tofield	800	1,172,925 00	22,882 09	80,118 28
Vegreville	1,700	1,723,357 00	.....	220,103 89
Vermilion	1,217	1,723,357 00	41,947 12	56,712 14
Wainwright	1,000	795,855 00	21,489 99	67,270 00

Before 1912 most of these towns levied their taxes on lands, personal property, and improvements. However, as early as 1897, under the government of the North-West Territories, legislation was in force in this region making it possible, upon the vote of two-thirds of the council or upon petition of one-half of the rate-payers, to exempt improvements from taxation.(1) Only a few towns took advantage of this permissive legislation.

Early in 1912 the provincial legislature passed a new Town Act. This act required that all the towns in the province which operated under its provisions should immediately rearrange their tax systems so as to exempt entirely buildings and personal property from taxation. The law reads that "all municipal and school taxes shall be levied equally upon all ratable land in the town,"(2) and that "land shall be assessed at its actual cash value, as it would be appraised in payment of a just debt from a solvent debtor, exclusive of the value of any buildings thereon or any other increase in value thereof, caused by any other expenditure of labor or capital thereon."(3) The rate was limited in the law to "twenty mills on the dollar, exclusive of debenture rates, school rates, and local improvement rates."(4)

This law seems to have been passed without a full investigation as to what effects might be expected from the sudden change involved. No sooner had the towns been notified of the change in the law than difficulties began to appear. The experiences of these towns are presented in some detail in a following section.(5) Some towns found that it would be absolutely im-

(1) Stalker, *Taxation of Land Values in Western Canada* (Montreal, 1914); Ord., N. W. T., 1897, c. 70, s. 139.

(2) An Act Respecting Towns. Statutes of Alberta, 1911-1912, c. 2, s. 265.

(3) *Ibid.*, s. 267.

(4) *Ibid.*, s. 294.

(5) *Cf. infra*, p. 129 *et seq.*

possible for them to raise the necessary funds if they respected the legal limitation on the tax rate, and so they disregarded it. Other towns levied rates for special purposes which had no sanction in law. A considerable number kept the tax rate within bounds by over-assessment of land values. In the town of Stettler conditions were so acute, because of the large amount of land within the town which was exempt from taxation on the ground that it belonged to the Canadian Pacific Railway Company, that the legislature passed a special act permitting the taxation of improvements and personal property.

The Union of Alberta Municipalities had endorsed the principle of raising revenue from the taxation of land values only, but according to the secretary, Mr. George G. Kinnaid,(1) it was not expected that the Government would make the tax imperative and immediately applicable. At the convention of the Union which was held in September, 1912, the embarrassment that had been caused by the imposition of the new Town Act was a subject of prime interest; but the sentiment of the convention proved to be that it would be wise not to retract the step that had been taken.(2) A motion calling upon the Government to repeal the land tax section of the Town Act was again introduced in the 1913 convention of the Union of Alberta Municipalities, but little strength developed behind the proposal. It must not be assumed, however, that this failure to pass adverse resolutions indicates satisfaction on the part of the towns with the legislation. The influence of the Union is very great, and the political effects of the passage of such a resolution might be extremely far-reaching.

The members of the Government of the province frankly admit that the change was made too suddenly. Action taken by the legislature in 1913 in amending the Town Act, is considered to be a concession that the legislation of the year before was somewhat hasty and ill-advised. The relief took the form of the passage of a section permitting the imposition of a supplementary business tax in those towns which found themselves in distress.(3) In order to secure the permission to levy a business tax it was necessary for two-thirds of the members of the council to petition the minister of municipal affairs. He, if satisfied that it was impossible for the towns to raise sufficient revenue from the land tax, was authorized to permit the council to impose a business tax based on the rental value of business premises during a period of not more than three years. The term might be extended, however, if the minister deemed it necessary. The maximum rate of the tax was made twenty per cent. of the rental value of the business premises.

Twelve towns petitioned for and secured permission to levy this business tax.

(1) *Canadian Municipal Journal*, IX, p. 394 (October, 1913).

(2) Annual Report, Dept. Mun. Affairs, 1912, p. 6.

(3) Assented to March 25, 1913; The Town Act, 1913, Amendment to Chapter 8, an act amending Chapter 2 of the Statutes of Alberta, 1911-1912, entitled "An Act Respecting Towns."

An amendment at the next session of the legislature made it possible for the minister of municipal affairs to restrict further the privilege of levying business taxes. This amendment removed the limitation on the tax rate of twenty mills which had applied in the towns. With no restrictions on the tax rate in force, it is clear that very seldom would it be "impossible for a town to raise sufficient revenue." The three-year term of the business taxes which was authorized in 1913 will expire in 1915, and it is expected that the last business tax will be levied in that year.

Among the amendments to the Town Act in 1913 was one(1) which stated that if the value at which any land had been assessed appeared to be more or less than the true value, the amount of assessment was nevertheless not to be varied on appeal, if the value at which said land was assessed bore a fair and just relation to the value at which other lands in the immediate vicinity thereof were assessed. This section was so interpreted as to legalize over-assessment of real estate. The possible injustice involved in such a situation influenced the legislature in its session in October, 1914, to amend this section by adding the following proviso: "that in no case shall an obviously excessive assessment be maintained."

Another amendment to the Town Act, made in 1913, operated to the distinct disadvantage of some of the towns. Section 294 was changed by adding the following sentence: "3. In the case of a town school district the rate of taxation on unsubdivided farm lands, situated outside of the limits of the town municipality, shall not exceed eight mills on the dollar." In a number of cases where towns had committed themselves to an expenditure of large sums for school purposes, this amounted to the imposition of a much heavier tax on town lands than on country lands for the school facilities which served both.(2)

At the present time, then, all of the forty-seven towns in the province, except two, exempt improvements from taxation. The two exceptions are the town of Stettler, to which special concessions were given as outlined above, and the town of Cardston, which has a special charter. In twelve towns a special business tax is temporarily being levied. In the other towns, all taxes are levied upon land values.(3)

The Villages

A village, when incorporated, must have an area of 640 acres and twenty-five occupied dwellings. Villages are not incorporated into towns until the population has reached 700. At the present time there are 93 villages in the province.(4)

Prior to 1912 taxes in the villages were usually levied on a base composed of land, buildings and personal property. If, however, two-thirds of the rate-payers petitioned and the council of the village passed a resolution,

(1) Assented to March 25, 1913.

(2) Annual Report, Dept. Mun. Affairs, 1913, p. 11.

(3) For a fuller discussion of the effects of the Town Act of 1912, *cf. infra*, p. 129 *et seq.*

(4) Annual Report, Dept. Mun. Affairs, 1913, p. 11.

it was possible to secure permission to raise the revenues from a tax on land values only.(1) Before 1912 approximately one-third of the villages had secured this permission.

An amendment to the Village Act was passed in 1912, similar to that in the Town Act, making the land the sole basis for taxation. In 1913 the Village Act was codified, but no changes of importance were made. The law as it now stands prescribes that "all village taxes shall be levied equally upon the rateable land in the village according to the assessed value of such land."(2)

The standard of valuation for land is prescribed as follows: "Land shall be assessed at its actual value, as it would be in payment of a just debt from a solvent debtor, exclusive of the value of any buildings thereon, or of any other increase in the value thereof, caused by any other expenditure of labor or capital thereon."(3) A special act was passed exempting one village, Loughheed, from the provisions of the law. This was done because of the large amount of land in that village which was exempt from taxation, owing to the fact that it was owned by railroads.

Over-assessment is made possible by the inclusion of a clause similar to that in the Town Act of 1912.(4) Although the section of the Town Act was modified by the legislature of 1914, no action was taken changing this clause in the Village Act.

The Rural Municipalities

This type of local organization was authorized for the first time by legislation passed in 1912.(5) It was provided that the province be divided into districts eighteen miles square. The resident electors in each unit of territory were given the option of establishing a rural municipality or a local improvement district. By the end of 1913, 66 rural municipalities had been established.(6) It was provided in the Act of 1912 that all taxes for the purpose of supporting the government of the rural municipalities were to be levied upon the land values.(7) The Act included a definition of land value similar to that in the Village Act,(8) and contained also the usual clause prescribing that assessments shall not be varied on appeal if lands are assessed at the same amount as other lands in the immediate vicinity. All 66 rural municipalities carry on business on this basis, and general satisfaction seems to be found with the plan. According to Mr. John Perrie, the deputy minister of municipal affairs, "There would be a storm if any change were made."

(1) Stalker, *op. cit.* p. 28.

(2) An Act Respecting Villages, s. 81, c. 5; assented to March 25, 1913.

(3) *Ibid.*, s. 83.

(4) *Cf. supra*, p. 81; *ibid.*, s. 83, sub. 2.

(5) Statutes of Alberta, 1911-1912, c. 3.

(6) Annual Report, Dept. Mun. Affairs, 1913, p. 11.

(7) Rural Municipality Act, s. 249.

(8) *Cf. supra*.

The Local Improvement Districts

Before the passage of the Rural Municipalities Act of 1912 the usual form of local government in the rural sections was the local improvement district. The revenues for the support of this type of government came from a small land tax levied on the acreage basis by the local authorities.⁽¹⁾ The tax varied from one to seven and one-half cents per acre. The law has been so changed as to make it impossible for additional local improvement districts to be organized. All local governments to be organized in the rural districts hereafter will come under the operation of the Rural Municipality Act.

Provisions were inserted in 1913 in the Town Act, the Village Act and the Rural Municipality Act changing the minimum amount of taxes payable by individual property owners. Under the Act as it stood previous to this time the minimum amount of taxes payable by each person was two dollars for municipal purposes and two dollars for school purposes. Because of difficulties of administration a change was made which provided that the minimum tax *for each lot or tract or portion thereof* should be fixed at one dollar for municipal purposes and one dollar for school purposes, or two dollars in all. This change is causing some apprehension in the rural municipalities where there are many lots assessed at as low a figure as ten dollars apiece. In such cases an annual payment of two dollars on each lot is clearly out of the question and it is feared that the enforcement of the law will result in the wholesale confiscation of land.

Opinions of Land Value Taxation from the Provincial Point of View

A high provincial official:

The efficacy of the single tax system as applied in these western provinces cannot be statistically demonstrated. Attempts to do so have resulted in the gross misuse of statistics. Building operations, for instance, are not due entirely to the single tax. People have built out here because there was a great opportunity for profit. Indeed, until the last year or two, taxes have not been taken into consideration. A good many people are now taking their taxes into consideration, however.

The tax system was imposed too suddenly upon the small towns in the province. It results in the small towns in a fairly restricted tax base, and this involves strict economy unless the tax rate is to be put on a high level. The imposition of a like system in New York would have little effect, on the whole; it might effect some individuals unfavorably. There is a question of ethics involved when a disturbance of present values is contemplated; but property owners are always urging questions of ethics.

A high provincial official:

"I do not particularly believe in the single tax, but I thought it would be interesting to try an experiment with it, and that this would

(1) Chapter 11, Statutes of Alberta, 1907 (assented to March 15, 1907), as amended by chapter 20, 1908 (assented to March 5, 1908), chapter 5 of 1909 (assented to February 25, 1909), chapter 2 of 1910 (2d session) (assented to December 16, 1910), and chapter 4 of 1911-12 (assented to February 16, 1912). 1913 amendments, chapter 9, "An Act to Amend the Statute Law" (assented to March 26, 1913).

be a good place to do it." On the whole, it is a good thing, when a country is new and where capital is scarce, where everybody owns land and there is a scarcity of buildings. But when a town has reached its normal development it should go back to taxing buildings and other things as well. The system was put into operation too suddenly in the towns, and some of them, particularly the mining towns, were embarrassed. The act was passed in 1912, because it was thought that would be something novel which would attract attention to Alberta.

An administrator in the provincial service:

When speculation is brisk, the exemption of buildings from taxation seems to have no effect upon it, but during slow times the heavy carrying charges make the practice of speculation unattractive. In Edmonton rents are going down, and there is some connection between this phenomenon and the tax system. The supply of buildings has increased, and some of the building that has been done is undoubtedly due to the stimulus of the tax system. The whole system has worked very well. Its operation has, of course, been accompanied by a wonderful increase in realty values.

The following letter was received from Mr. John Perrie, Deputy Minister of Municipal Affairs, under date of July 11th:

With reference to your enquiry as to whether or not the system of taxation on land values only is working out successfully in this province, I may say that as far as our rural municipalities are concerned the question of changing from taxation of land values to taxation of lands, personal property and improvements has never been raised, and any such move would be strongly opposed by our rural population. With reference to villages and towns I may say that at the last two conventions of the Urban Union of Alberta Municipalities, the question has come up in the shape of a resolution to revert to the system of taxing personal property and improvements as well as land, but on each occasion it has been voted down. At the last convention there were only three votes cast in favor of the resolution referred to.

With reference to our cities, it might be noted that each of our cities carries on business under its own special charter granted by the legislature. The provisions of these charters are amended from time to time and the general tendency of late has been for the cities to ask for amendments reducing taxes on personal property and improvements, there being less revenue raised by our cities from taxation of personal property and improvements than ever before.

1. EDMONTON

THE CITY

In the city of Edmonton there is the closest approach to the single tax to be found in any large city in Canada. The city is, of course, subject to the various provincial and Dominion taxes, but practically all of the city revenues for ordinary purposes are raised from a tax on the land. 111

Edmonton is not a good place to study the effects of a transition to the single tax system, however, for the plan of entirely exempting improvements from taxation was adopted very early—when the community received its charter as a city in 1904. At this time the population was only 7,500. Its population in 1914 was 72,516. It should be remembered, however, that not all of this increase is due to the natural growth of Edmonton itself. In February, 1912, Strathcona, a municipality with a population of 6,000, lying across the river from Edmonton, was absorbed. The statistics of Edmonton have often been used without taking this fact into consideration and contrasts drawn between the Edmonton which existed before the amalgamation and that which exists to-day.

The site on which the city now stands was selected in the eighteenth century by the Hudson's Bay Company for a trading post. When the company surrendered its sovereignty it retained 3,000 acres contiguous to Fort Edmonton,⁽¹⁾ a fact which has a very close connection with the single-tax history of Edmonton in late years. The city had no development beyond the fur-trading stage until very recent times. In the eighties it began to receive a share of the immigration brought west by the newly constructed Canadian Pacific Railway about two hundred miles to the south. Its growth since that time has been truly remarkable.

Edmonton is located on the Saskatchewan River, a stream which is navigable for small steamers, and is served by three railways: The Canadian Pacific, Canadian Northern, and the Grand Trunk Pacific. The agricultural land surrounding the city is rich and the farmers are devoting much of their energy to mixed farming with very satisfactory results.

To the north of Edmonton lies the Peace River Valley, a great tract of 40,000,000 acres, rich in timber, mineral and agricultural resources, which is now being rapidly settled and which looks to Edmonton as its natural outlet.

The city, of course, owes its chief importance to its agricultural hinterland. Most of the industries which have been established are directly dependent upon it. The chief advantage which Edmonton offers the manufacturer is a large supply of cheap coal. The city is underlaid with a great bed of lignite and some thirty mines are operated in the immediate vicinity. Coal of low quality can be supplied for seventy-five cents a ton. The best

(1) *Single Tax Review*, Sept.-Oct., 1911, p. 31 *et seq.*

coal for domestic use sells, however, for \$4.50 a ton. The coal deteriorates rapidly when exposed to the weather, which, of course, limits its market radius; but excellent results are claimed for it when used on the ground.

The list of the industries of Edmonton furnished by the industrial commissioner includes 125 concerns. The largest and most important of these are the Edmonton City Dairy, which employs 225 men and has a monthly output of \$150,000; the lumber mill of John Walters, Ltd., employing 375 men, with a monthly product of \$80,000; and two packing plants, which together employ 815 men and have a total output valued at approximately \$160,000.

Until recently it was possible for a manufacturer who intended to locate at Edmonton to secure valuable concessions and bonuses. A number of the concerns which are carrying on business in Edmonton at present were given some substantial encouragement to aid in their establishment. Under the provisions of the city charter as it stood before 1913 it was possible, by obtaining the consent of two-thirds of the burgesses voting, to grant bonuses to business concerns in the form of cash gifts from the city treasury, of subscriptions to stock, guarantees of debentures, or otherwise.(1) The services of the public utilities could be given at a reduction or absolutely free for a period of five years without a vote of the burgesses. In 1913, however, the provincial legislature passed an act forbidding such practices. As the law at present stands, the city can grant no direct bonuses. It may sell the services of its public utilities at cost, however, and may sell or lease industrial sites at a price which will cover the cost of such sites to the city plus six per cent. interest. The city owns lands which are suitable for factory sites and is in a position to take advantage of this provision.(2)

The city established an industrial department in 1912, whose function it is to disseminate information concerning the city and induce settlers and manufacturers to locate in Edmonton. The city grants approximately \$21,000 a year to this department.

The enormous growth of Edmonton in the last few years is clearly reflected in the finances of the city. The following statement shows the receipts from taxes for selected years from 1901 to 1912:(3)

RECEIPTS FROM TAXATION

		Taxes.	
1901		\$32,622.69	
1904		65,312.56	
1906		161,766.86	
	General Taxes		Special Frontage
	(Gross) (a).		Taxes.
1909	\$419,522.97		\$62,953.40
1911	572,990.08		94,295.05
1912	1,358,850.64		127,584.31

(a) This figure includes school taxes.

(1) City charter, secs. 224, 277.

(2) *Ibid.*, sec. 15.

(3) Several years are unavailable for comparative purposes because the reports are drawn for irregular periods, *e. g.*, 1907 for eleven months, and 1913 for fourteen months. Reports of some of the earlier years are not obtainable.

The accounts for 1913 are for fourteen months, the fiscal year having been changed. In this period, ending December 31, 1913, special frontage taxes yielded \$413,690.74; the general taxes amounted to \$2,982,176.23; and the special water levy yielded \$72,073.31. In 1904, when Edmonton became a city, the total annual receipts, including capital and revenue receipts, amounted to less than \$300,000. The corresponding sum for the fourteen months ending December 31, 1913, was approximately \$15,250,000. The great size of this is due to the fact that the city owns practically all of its utilities, including the water works, the electric light and power plant, the street railway, and the telephone system. The following table gives a summary of the financial situation of the various departments of the city government in Edmonton in 1912 and 1913:

SUMMARY OF REVENUE AND EXPENDITURE, ASSETS AND LIABILITIES FOR YEARS 1912 AND 1913(a)

	Year.	General Fund.	Light & Power Distribution.	Water Distribution.	Telephone.	Street Railway.	Power and Pumping Plant.	Totals.
Total Ordinary Expenditure.	1912	\$1,267,843.87	\$273,492.54	\$238,178.42	\$96,814.18	\$468,756.11	\$442,018.78	\$2,345,085.12
	1913	2,853,311.40	612,972.96	339,001.05	273,651.24	936,068.68	692,063.87	5,015,005.33
Total Revenue	1912	1,252,151.15	352,494.80	217,281.88	101,138.81	436,207.20	455,330.38	2,359,273.84
	1913	2,808,698.06	690,556.32	328,577.66	207,217.52	744,134.06	852,892.12	4,779,183.62
Revenue, Surplus or Deficit.	1912	+10,032.51	*79,102.26	+3,064.33	*4,324.63	+32,548.91	*13,311.60	*51,092.74
	1913	+44,613.34	*77,583.36	+10,423.39	+66,433.72	+191,934.62	*160,828.25	+74,993.46
Net Revenue, Surplus or Deficit	1912	+16,880.79	*98,127.98	+79,058.19	*36,543.64	+106,129.36	*13,311.60	+54,085.12
	1913	+46,230.03	*77,583.36	+100,574.85	+69,296.29	+405,394.07	*4,139.85	+539,772.03
Capital Receipts.....	1912	1,847,512.20	148,994.25	464,518.48	322,184.30	602,006.67	378,240.00	3,763,455.90
	1913	6,456,753.33	453,591.27	536,171.57	1,039,090.51	1,428,222.30	634,271.03	10,548,100.01
Capital Expenditure	1912	3,655,958.23	184,439.29	457,556.86	397,498.75	510,420.26	479,685.53	5,685,558.92
	1913	5,896,602.83	289,158.78	494,027.05	831,296.79	1,386,329.94	426,463.34	9,323,878.73
Capital Surplus or Deficit....	1912	+1,368,143.33	+32,590.28	*105,483.87	+67,217.10	*126,834.81	*6,728.71	+1,229,353.32
	1913	+807,992.93	*131,842.21	*147,628.39	*140,576.62	*168,727.17	*214,086.40	+5,132.14
Debenture Liability	1912	6,598,932.93	316,788.11	1,366,877.38	762,094.15	1,567,565.91	1,360,543.52	11,972,802.00
	1913	12,800,841.51	767,267.95	1,902,046.19	1,800,393.80	2,992,398.82	1,988,548.32	22,251,496.79
Total Liabilities	1912	8,958,448.29	391,941.63	1,475,957.36	868,393.36	1,744,948.34	1,562,730.94	15,002,419.92
	1913	15,338,409.71	917,388.91	2,044,769.10	1,886,768.12	3,416,982.69	2,097,093.32	25,701,411.85
Total Assets	1912	11,566,972.18	490,069.61	1,396,899.17	904,937.00	1,638,818.98	1,577,295.10	17,574,992.04
	1913	19,351,341.88	994,972.27	1,944,194.25	1,907,566.14	3,039,317.74	2,304,123.19	29,541,515.47
Surplus or Deficit.....	1912	*2,608,523.89	*98,127.98	+79,058.19	*36,543.64	+106,129.36	*14,564.16	*2,572,572.12
	1913	*4,012,932.17	*77,583.36	+100,574.85	*20,798.02	+377,664.95	*207,029.87	*3,840,103.62
Land Surplus included in								
Total Assets .....	....	3,963,938.67	.....	.....	89,964.74	27,729.12	201,284.00	4,282,916.53
*Surplus		+Deficit						

(a) Edmonton, Annual Fin. Rept., pp. 80-81. Power House Ordinary Expenditure and Revenue, being charged to Light, Water and Railway Departments, is not included in totals. 1913 items are for fourteen months.

The General Fund (revenue and expenditure account) for the period ending December 31, 1913, shows a grand total of \$2,853,311.40. Of this sum approximately five-sevenths came from taxes on land. Approximately one-seventh more was received from frontage taxes. The remaining sums came from varied sources.

The figures of indebtedness tell a story of enormous development.

CITY DEBT

	General.	Special.(a)	Public Utilities.	Total.
1901.....	\$70,126 57	\$21,953 96	.....	\$92,080 53
1904.....	177,305 36	61,677 91	.....	238,983 27
1906.....	411,065 01	91,137 31	.....	502,202 32
1909.....	1,356,979 22	726,316 93	\$2,072,116 42	4,155,412 57
1911.....	3,074,834 79	1,057,381 25	3,475,328 90	7,607,544 94
1912.....	5,438,081 18	1,160,851 75	5,373,869 07	11,972,802 00
1913.....	8,468,418 35	4,332,423 16	9,450,655 28	22,251,496 79

(a) Only local improvement debentures are included in this item.

The outstanding debentures of the city on December 31, 1913, are classified more fully as follows:

OUTSTANDING DEBENTURES, DECEMBER 31, 1913(a)

General	\$8,468,418 35
Electric Light and Power.....	767,267 95
Waterworks	1,902,046 19
Street Railway	2,992,398 82
Power Plant	1,988,548 52
Telephone	1,800,393 80
Local Improvements	4,332,423 16
	<hr/>
	\$22,251,496 79

(a) Annual Reports, 1913, p. 23.

The legal limitation upon the amount of debt which the city may incur is fixed in the charter at "twenty per cent. of the total amount of the assessment in respect of lands and special franchises according to the last revised assessment roll." (1) It will be recalled that there are no special franchises in Edmonton. The amount of the resources held by the sinking fund and local improvements loans, to the extent to which they are secured by special assessments, may be deducted when calculating for this purpose the total amount of debenture debt outstanding. (2)

The total charges for debt service, during the fourteen month period ending December 31, 1913, amounted to \$1,745,660.84.

The great majority of the debentures outstanding against the city are to be redeemed by means of a sinking fund. The exceptions are a few issues of the earlier years which were made payable in equal annual installments on the annuity plan. The total resources of the sinking fund on December 31, 1913, amounted to \$867,397.33. Eighty per cent. of the

(1) City charter, sec. 291.

(2) *Ibid.*, secs. 292, 406 (c).

sinking fund is invested in mortgages on real estate, \$350,000 being invested in one loan, secured chiefly by a large business block. Most of the remainder of the sinking fund is invested in the city debentures or deposited in the bank.

In 1914, because of the difficulty in securing loans upon favorable terms, resort was made to short-term notes. Edmonton, in common with the other cities of the Canadian Northwest, has felt the effects of the financial stringency and has been somewhat embarrassed in her efforts to finance her various undertakings.

THE TAX SYSTEM

As has been seen above, the great bulk of the revenue of the city for general purposes comes from the tax on land, the levy in 1913 amounting to \$2,982,176.23. The source second in importance is the special frontage tax which, in the period ending December 31, 1913, yielded \$413,690.74, not counting the \$72,073.31 from a special water levy.

Special assessments and frontage taxes are used to pay for the cost, in whole or in part, of street pavements, sidewalks, curbs, gutters, boulevards (including shade trees and lawns in connection therewith), street lighting, sewers and water mains. The city pays from general funds the cost of improving the intersections of streets and contributes a fraction varying from one-fifth to one-third of the remaining cost of pavement. The cost of local improvements is approximately the same in Edmonton as in Regina and Saskatoon. The charge for a full complement of improvements involves the imposition of an annual charge of \$27.30 upon the owner of a thirty-three-foot lot.

The history of the tax system in Edmonton is a story of steady progress toward the plan of taxing land values only. In this history, according to the testimony of the citizens of the town, too much importance cannot be attached to the influence of the land policy of the Hudson's Bay Company in the city. Starting with an original tract of 3,000 acres, the company has always been a predominant factor in the real estate situation. Even until the present day the Hudson's Bay Company's holdings remain an incentive to the city to pursue a policy of heavy taxation of land. Until 1912 the company held unsubdivided a tract in the heart of the city approximately a mile and a half long by a mile wide, using the land only as pasturage for a herd of cattle. The assessor valued this land at the same rate as the land surrounding it, in spite of the continued protests of the company, and his assessments were regularly sustained. Finally, in 1912, the land was subdivided and 1,500 lots sold. It is claimed that approximately \$4,000,000 was realized from the sale of these lots. The entire tract at the time was assessed at \$2,500,000. The 1,500 lots were a mere fraction of the total tract, only two lots in a block being disposed of, the rest being retained by the company for further expected increases.

It was by way of an effort to shift the burdens of taxation to the

Hudson's Bay Company and other non-resident owners of land that the charter adopted in 1904 contained a provision exempting improvements entirely from taxation. At that time provision was made for a poll tax, an income tax, a business tax and a series of licenses. Gradually these have been taken away until only a few licenses imposed for regulation purposes remain.

The poll tax was done away with in 1910. This was a charge of \$2 levied upon all men who were not property owners and who had resided in the city three months.

In 1910 moreover the city abandoned the income tax. The attempt had been made to place all incomes in excess of \$1,000 upon the tax roll where they were made subject to the regular tax rate.

The business tax was abolished in 1911. There is general agreement that this tax worked admirably during the seven years it was in force but was swept away in the general movement toward the single tax. The tax was apportioned on the basis of floor space and character of the business, the assessment per square foot varying from twenty cents, in the case of factories and florists, to \$4.12½, in the case of loan and financial institutions. The assessment thus arrived at was added to the regular base against which the general city rate was extended.(1)

By 1912 nothing but the licenses and land taxes remained. Licenses had been applied to those businesses which needed regulation and those which could not well be dealt with under the business tax provisions. In 1912 the licenses began to be materially reduced so that at present scarcely any are imposed. The income from this source for the fourteen months ending December 31, 1913, was only \$32,876.80. The expenses connected with the administration of the license department amounted to \$7,009.42, the net revenue being \$25,867.38.

Under the provisions of section 319 of the city charter as it stands at present the assessment in Edmonton is restricted to land and special franchises. As there are no special franchises the entire assessment consists of the land. The exemptions are fairly narrow.(2) In addition to the land which belongs to the Crown, province and city, church lands are exempted only to the extent of one acre and lands belonging to institutions of learning, only to four acres. The rule of valuation is that "land shall be assessed at its fair actual value, exclusive of the value of any buildings thereon."(3) In reaching this valuation "regard may be had to its situation and the purposes for which it is used or for which, if sold by the owner, it can, and probably would be used in the next succeeding twelve months." Over-assessment is made possible by a provision similar to that included in the town and village acts.(4)

(1) Credit is given to Winnipeg for the original suggestion of a business tax. But the floor-space plan, it is claimed, is an Edmonton product, developed without assistance.

(2) Sec. 320.

(3) Sec. 321.

(4) Cf. *supra*, pp. 81, 82.

The work of assessment begins early in the calendar year and the assessment rolls must be completed by April 30.(1) The tax rate is usually struck about September 1.

The table which follows shows the assessed value of taxable property in the city for each year from 1892 to date. Buildings, during the period when they were taxed, were assessed at 75 per cent. of their real value.

ASSESSED VALUES OF TAXABLE PROPERTY, 1892-1914

	Land, Gross.	Exemptions.	Land, Net.	Buildings and Improvements.	Business.	Income.	Total Net Assessment.
1892.....							\$673,694
1893.....							964,005
1894.....							988,950
1895.....							1,131,780
1896.....							914,761
1897.....							768,630
1898.....							1,030,858
1899.....							1,188,249
1900.....			\$393,081	\$500,600	\$323,150	\$27,900	1,244,731
1901.....			569,282	448,830	341,125	36,675	1,395,912
1902.....			815,255	493,945	367,650	47,570	1,724,420
1903(a).....			1,986,710	668,565	535,600	17,255	3,208,130
1904.....			2,127,963	1,170,585	631,600	29,500	3,959,648
1905.....			5,314,405		1,248,880	57,700	6,620,985
1906.....			15,268,347		1,654,071	124,380	17,046,798
1907.....			19,544,155		2,251,710	189,835	21,985,700
1908.....			19,803,230		2,484,420	247,560	22,535,210
1909.....	\$23,954,660	\$1,165,650	22,789,010		2,516,860	279,120	25,584,990
1910.....	29,052,660	1,531,660	27,521,000		2,217,970	366,140	30,105,110
1911.....	47,089,130	2,517,380	44,571,750		1,922,990		46,494,740
1912.....	132,950,400	9,475,330	123,475,070				123,475,070
1913.....	202,858,590	14,319,480	188,539,110				188,539,110
1914.....	209,065,180	17,781,210	191,283,970				191,283,970

(a) There is evidently an error of thirty dollars in one of the items for 1903.

It will be noticed that after 1904 when the value of buildings was stricken from the assessment roll, the assessment of business and income doubled and the assessment of land more than doubled. So, in spite of the loss in building value, the tax base was greatly increased. After 1910, when the income tax was abandoned, the tax base showed an enormous increase. Again, after 1911, when the business tax was eliminated, another large increase is evident in the tax base. The increase in 1913 was due in large part to an extension of the city limits which had been made in 1908 when approximately 4,000 acres were added, with the understanding that they should not be subject to taxation until 1913. Moreover, in 1913 the city limits were even further extended to include a district of a thousand acres. The increase in the tax base in 1912 was of course due in large part to the amalgamation with Strathcona.(2)

It will be noticed that in 1906 the assessment of land was increased from \$5,314,405 to \$15,268,347. Late in 1905 there began a period of great business activity which had a very favorable effect upon land values; but the 1906 assessment is said to have approached very closely the full selling value

(1) Sec. 323.

(2) The area of Edmonton in 1905 was 5,000 acres; in 1908 it was increased to 9,000; in 1912 to 15,000 acres; in 1913 to 27,000 acres; and in 1914 to 27,640.

of the land. Following 1906 the assessed values, according to the testimony of the assessor, were for a number of years from ten per cent. to fifteen per cent. below cash values. In 1912 the assessments on the Edmonton side of the river were once more near cash value, but on the Strathcona side of the river they were probably about twenty-five per cent. below that standard. In 1913 the assessments were equalized, the Strathcona figures being brought up to the one hundred per cent. basis. The legal rate of assessment all through this period has been one hundred per cent.

In 1914 the assessment committee of the council appointed a commission of real estate men to assist the city assessor in determining land values for taxation. The universal testimony in Edmonton is that the assessments which resulted in 1914 were "optimistic." Real estate men and bankers, as well as the city officials themselves, frankly admit that the assessment has "gone a bit beyond actual values." This is not because the assessment was raised to any considerable extent in 1914, but because there has been some decrease in the selling value of land.

In 1913 there were approximately 190 appeals from the figures arrived at by the assessor. In 1914 there were 211 appeals.

The legal limitation upon the tax rate in Edmonton is twenty mills, "exclusive of debenture rates, school rates, and local improvement rates." (1) Moreover, a special rate of not more than three-fourths of a mill may be levied for parks. (2) It will be noticed from the table which follows that a decrease of one mill was made in the Protestant tax rate in 1905, the year after value of buildings was eliminated from the tax base, while the Catholic rate increased the same amount; that a substantial decrease was made in 1911 after the income tax was abolished; and that the rate was still further decreased in 1912 after the business tax was done away with. An increase in the millage rate was found necessary in 1913 because of the increase in expenditures and still further increases were made in 1914. If error would be avoided, care should be taken to associate the tax rates with the proportion of real value represented by the assessment figures.

TAX RATES

(Mills)

	General.	Debenture.	Libraries.	School.		Total.	
				Protestant.	Catholic.	Protestant.	Catholic.
1892	8.00	....	....	....	....	8.00	8.00
1893	7.50	1.33⅓	....	2.50	5.00	11.33⅓	13.83⅓
1894	10.00	2.05	....	4.00	5.20	16.05	17.25
1895	6.00	2.33⅓	....	4.50	5.20	12.83⅓	13.53⅓
1896	5.01	3.29	....	6.00	5.33⅓	14.30	13.63⅓
1897	3.00	5.85	....	7.00	7.00	15.85	15.85
1898	9.40	3.55	....	4.05	7.00	17.00	19.95

(1) Sec. 353.

(2) Sec. 359.

	General.	Debenture.	Libraries.	School.		Total.	
				Protestant.	Catholic.	Protestant.	Catholic.
1899	6.60	3.33½	....	5.60	7.70	15.53½	17.63½
1900	9.00	5.25	....	5.25	10.75	19.50	25.00
1901	9.50	4.50	....	7.50	8.50	21.50	22.50
1902	8.00	4.00	....	7.50	8.50	19.50	20.50
1903	8.00	2.00	....	6.50	5.00	16.50	15.00
1904	8.25	2.25	....	6.50	4.50	17.00	15.00
1905	10.00	2.00	....	4.00	4.00	16.00	16.00
1906	7.25	.75	....	2.50	2.50	10.50	10.50
1907	8.00	2.50	....	2.83½	2.83½	13.33½	13.33½
1908	6.20	4.60	....	3.70	3.70	14.50	14.50
1909	9.98	4.08	....	3.44	3.44	17.50	17.50
1910	8.90	3.90	....	4.20	4.20	17.00	17.00
1911	6.90	3.60	....	3.20	3.20	13.70	13.70
1912	6.74	3.06	....	2.20	2.20	12.00	12.00
1913	8.55	3.75	.50	3.20	3.20	16.00	16.00
1914	7.71	5.17	.34	4.28	4.28	17.50	17.50

From the table which follows the great increase in the sums raised from the tax on land are clearly seen. The particularly heavy increase in 1913 was occasioned by the necessity of paying for a number of items which were inadequately provided for by the levy of 1912.

TOTAL TAXES LEVIED

1892.....	\$6,200 07	1904.....	\$75,695 52
1893.....	13,877 72	1905.....	115,637 90
1894.....	18,982 73	1906.....	192,548 89
1895.....	18,034 72	1907.....	328,442 39
1896.....	14,582 27	1908.....	375,377 03
1897.....	15,913 74	1909.....	482,506 37
1898.....	20,696 27	1910.....	563,494 88
1899.....	21,588 84	1911.....	686,571 84
1900.....	28,216 19	1912.....	1,530,205 96
1901.....	33,389 11	1913.....	3,471,444 59
1902.....	37,252 58	1914.....	3,769,970 36
1903.....	54,824 70		

The last three years have seen a steady increase in the amount of taxes uncollected. At the end of 1911, \$208,174.60 was outstanding.(1) In 1912 this sum amounted to \$447,506.16(2), and in 1913 to \$1,082,745.59.(3) On December 31, 1913, some taxes were still unpaid which had been levied in 1905. Edmonton has not had a tax sale since it has been a city. Until recently unpaid taxes have not been a problem, but the city is now face to face with the necessity of selling lands to make good its revenues. This is good evidence that the system has been pressing more heavily upon the

(1) Financial Reports, 1911, p. 31.

(2) *Ibid.*, 1912, p. 33.

(3) *Ibid.*, 1913, p. 53. The collection of taxes usually begins on September 1st. A discount varying from five per cent. to ten per cent. in different years is given if payment is made before November 1st. During November a smaller discount is given. Taxes are accepted at par during December and after January 1st a penalty of five per cent. is added. An additional five per cent. is imposed if the taxes still remain unpaid after July 1st.

people of late than was formerly the case.(1) The increase in appeals against assessments is also indicative of the same condition.

The man of small income is unable to get a lot in Edmonton lying within the area served by sewers, light, and water for less than \$1,000. At the 1913 rate the taxes on his property would amount to \$16.00. This does not take into consideration the charges to which he is subject for local improvements, which, as has been seen, amount to more than the charge for taxes in cases where the lots are fully improved.(2)

DATA FOR JUDGING THE EFFECTS OF THE SYSTEM

In connection with the data which follow it should be remembered that in 1912 the city boundaries were extended to include Strathcona. An effort was made to secure corresponding data for Strathcona, where improvements were exempted in 1907; but this was not available in all cases.

Building Operations

The building statistics for Edmonton include the permits issued for repairs and alterations and for all new constructive projects of a value exceeding one hundred dollars. The moving permits are not included. All cancellations have been eliminated. The tables which follow show the number and value of building permits by months from 1907 to date and the types of buildings erected for 1913 and 1914. No figures for Strathcona are included.

BUILDING OPERATIONS

		No. of Permits.	Value.
1907	Jan.	32	\$127,135 00
	Feb.	65	373,790 00
	Mar.	198	131,547 00
	Apr.	139	316,938 00
	May	142	415,250 00
	June	93	425,275 00
	July	73	155,775 00
	Aug.	62	88,695 00
	Sept.	47	43,300 00
	Oct.	73	77,125 00
	Nov.	62	84,925 00
	Dec.	24	40,455 00
		1,010	\$2,280,210 00

(1) The question of tax arrears has been rendered more acute by the war. The following is an excerpt from a letter written by Thomas Walker, city assessor, under the date of March 16, 1915:

There is nothing particular to report since July, except, of course, that the war has caused a tremendous shake-up in the speculative values of real estate. Little more than half of the 1914 taxes have been paid, and the amount of the arrears is now somewhat alarming.

(2) Cf. *supra*, p. 90.

		No. of Permits.	Value.		
1908	Jan.	27	\$18,915 00		
	Feb.	31	1,281,415 00		
	Mar.	51	57,020 00		
	Apr.	87	197,453 00		
	May	79	77,362 00		
	June	63	97,645 00		
	July	63	368,765 00		
	Aug.	70	103,352 00		
	Sept.	75	123,425 00		
	Oct.	75	98,735 00		
	Nov.	37	80,505 00		
	Dec.	35	45,255 00		
		693			\$2,549,847 00
1909	Jan.	..	\$20,240 00		
	Feb.	..	112,400 00		
	Mar.	..	179,395 00		
	Apr.	..	210,890 00		
	May	..	368,005 00		
	June	..	201,290 00		
	July	..	274,355 00		
	Aug.	..	99,707 00		
	Sept.	..	505,199 00		
	Oct.	..	83,535 00		
	Nov.	..	63,365 00		
	Dec.	..	9,785 00		
		880			2,128,166 00
1910	Jan.	32	\$44,090 00		
	Feb.	38	29,030 00		
	Mar.	86	264,435 00		
	Apr.	113	252,196 00		
	May	96	231,055 00		
	June	92	233,670 00		
	July	126	460,066 00		
	Aug.	108	133,900 00		
	Sept.	138	169,863 00		
	Oct.	121	146,874 00		
	Nov.	72	52,606 00		
	Dec.	31	141,321 00		
		1,053			2,159,106 00
1911	Jan.	23	\$38,405 00		
	Feb.	55	83,825 00		
	Mar.	130	276,825 00		
	Apr.	174	359,027 00		
	May	236	504,420 00		
	June	182	357,929 00		
	July	159	474,909 00		
	Aug.	207	611,440 00		
	Sept.	216	369,970 00		
	Oct.	225	389,650 00		
	Nov.	89	131,125 00		
	Dec.	61	74,735 00		
		1,757			3,672,260 00
1912	Jan.	39	\$83,600 00		
	Feb.	119	212,850 00		
	Mar.	301	899,972 00		
	Apr.	523	2,002,670 00		
	May	504	1,772,535 00		
	June	469	2,567,235 00		
	July	354	1,412,590 00		
	Aug.	343	1,214,275 00		
	Sept.	322	2,023,675 00		
	Oct.	323	821,950 00		
	Nov.	228	754,935 00		
	Dec.	129	680,532 00		
		3,654			14,446,819 00

		No. of Permits.	Value.	
1913	Jan.	91	\$241,815 00	
	Feb.	137	250,485 00	
	Mar.	315	746,675 00	
	Apr.	473	2,080,380 00	
	May	576	1,597,400 00	
	June	343	1,428,650 00	
	July	275	776,150 00	
	Aug.	237	393,470 00	
	Sept.	318	746,150 00	
	Oct.	214	546,925 00	
	Nov.	123	286,950 00	
	Dec.	78	147,400 00	
		3,180		9,242,450 00
1914	Jan.	73	\$118,250 00	
	Feb.	60	107,775 00	
	Mar.	221	383,350 00	
	Apr.	318	750,922 00	
	May	313	1,461,800 00	
	June	192	740,750 00	
	July	248	733,630 00	
	Aug.	82	211,050 00	
	Sept.	52	40,600 00	
	Oct.	82	323,200 00	
	Nov.	32	39,200 00	
	Dec.	5	2,750 00	
		1,678		4,913,277 00

TYPES OF BUILDINGS CONSTRUCTED IN 1913 AND 1914

Number.			Value.	
1913.	1914.		1913.	1914.
10	6	Apartment Houses	\$228,000 00	\$234,000 00
..	1	Armory .....	..	280,000 00
1	1	Bank	150,000 00	2,200 00
..	1	Bakery .....	..	5,500 00
..	1	Blacksmith's Shop .....	..	800 00
14	..	Basements	30,800 00	..
..	1	Cattle Barn .....	..	2,800 00
14	7	Churches	254,800 00	35,900 00
1	..	College	40,000 00	..
1	..	Convent	20,000 00	..
1	..	Creamery and Dairy	6,000 00	..
1	1	Depots	30,000 00	3,000 00
2	..	Dormitories	177,000 00	..
1,550	868	Dwellings	3,268,310 00	1,854,100 00
..	1	Engine Room .....	..	10,000 00
4	1	Factories	47,000 00	68,000 00
2	2	Fire Halls and Police Stations	50,000 00	24,000 00
1	1	Freight Sheds	10,000 00	2,000 00
72	43	Garages	110,425 00	76,050 00
2	..	Garages and Rooms	22,400 00	..
..	1	Gravel Plant .....	..	5,000 00
..	1	Green House .....	..	2,500 00
3	1	Hospitals	345,000 00	10,000 00
4	3	Hotels (or Additions)	145,000 00	40,000 00
1	..	Laundry	1,000 00	..
..	1	Machine Shop .....	..	10,000 00
..	1	Market Building .....	..	55,000 00

Number.			Value.	
1913.	1914.		1913.	1914.
1	..	Nurses' Home	60,000 00	.....
9	2	Offices	41,700 00	1,800 00
2	..	Packing Plant and Additions.....	25,000 00	.....
..	2	Pavilions .....	.....	3,500 00
1	1	Power Houses	8,000 00	8,000 00
1	1	Public Buildings	500,000 00	6,725 00
1	..	Round House	20,000 00	.....
8	1	Rooming Houses	72,500 00	5,000 00
..	1	Saw Mill .....	.....	20,000 00
15	5	Schools and School Additions.....	676,000 00	257,000 00
..	1	Sheep Shed .....	.....	2,600 00
1,046	585	Small Buildings and Alterations.....	505,120 00	198,202 00
188	49	Stables	101,580 00	49,150 00
89	32	Stores	270,075 00	63,550 00
37	19	Stores and Apartments.....	343,000 00	370,400 00
34	16	Stores and Offices.....	1,055,500 00	582,800 00
1	..	Theatre	20,000 00	.....
..	1	Undertaker's Parlor .....	.....	3,000 00
..	2	University Buildings .....	.....	445,000 00
30	15	Warehouses	565,440 00	171,200 00
32	2	Workshops	30,800 00	4,500 00
1	..	Y. M. C. A.....	12,000 00	.....
3,180	1,678		\$9,242,450 00	\$4,913,277 00

In 1911 and 1912, when steps were taken toward the land tax, the building statistics show remarkable increases.

The movement toward the construction of apartments has not proceeded far. The building inspector estimates that there are now twenty-five apartment buildings in the city, not counting a considerable number of buildings whose upper floors are used for living purposes. The number is expected to increase rapidly, however.

The following sections limiting the heights of buildings are in force:(1)

SECTION 30

1. No non-fireproof building or structure hereafter erected shall exceed fifty-five feet in height, nor the heights specified for non-fireproof buildings of the several respective classes mentioned in Section 106 of this By-law.

2. No building or structure herein erected, except it meets the requirements of Section 106 of this By-law, shall exceed fifty-five feet in height, or if to be used above the ground floor as factories, warehouses or stores for the storage of merchandise, shall it exceed one hundred feet in height.

SECTION 106

6. No building shall exceed ten stories in height above the street level.

(1) By-Law, no. 417, first edition, 1912.

Credit Conditions

The sources of loanable funds in Edmonton are the same as those in other western Canadian cities. It is estimated that the life insurance companies and the mortgage and loan companies divide between them eighty per cent. of the business, probably somewhat more than half of this share coming from the life insurance companies. Approximately twenty per cent. of the funds come from private sources. No loans are made upon vacant land unless that land is within half a mile of the centre of the city. Even then the loan is restricted to one-third of a conservative valuation. Loans upon improved property do not exceed fifty per cent. of a conservative valuation of the land and the building. There is no disposition among bankers and real-estate men to connect the tax system with the credit conditions. The sources of loanable funds seem not to have been affected by the tax system.

Rents

As in other cities in the region, rents in Edmonton were, until recently, extremely high. It was often almost impossible to secure housing accommodations at any price and many people were forced to live in tents or temporary shacks until houses could be built. Lately, however, the supply of buildings has increased, with the result that rents have fallen. No effort is made in Edmonton to trace a causal connection between the tax system and the high rents which existed a few years ago or the relatively low rents which exist to-day.

Congestion

The building inspector estimates that there are 15,000 buildings in Edmonton and that about one building in each fifteen covers more than one lot. As there are approximately 75,000 lots in the town, this seems to indicate that only about twenty-one per cent. of the lots are built upon. The standard lot, it will be recalled, has a frontage of thirty-three feet and the average house, according to the inspector's statement, covers a plot twenty-four by twenty-four feet. The building regulations require that the house be placed three feet from the adjoining property line. From these figures it will be seen that the houses in Edmonton are not so crowded as in several other western cities.

A map prepared by the municipal officials divides the city into half-mile zones and calculates the population per acre in each zone. From this analysis the following results were obtained:

	Inhabitants Per Acre.		Inhabitants Per Acre.
1st zone	20	5th zone	1.92
2nd zone	11.2	6th zone .....	.9
3rd zone	5.35	7th zone .....	.45
4th zone	3.95	8th zone .....	.157

In 1914 the population was 72,516 and the area 27,640 acres. This means a density of 2.6 persons per acre. It will be seen that the problem of congestion is not at present a pressing one in Edmonton.

Home Ownership

✓ In order to get an estimate of the number of persons who own their homes the opinions of the building inspector and of the official in charge of the municipal census were sought. The building inspector estimated that between sixty and sixty-five per cent. of the citizens of Edmonton live in their own houses. The estimate of the census taken was that three-fifths of the people were home owners. The two estimates are in substantial agreement. The Voters' List for 1912 contained approximately 18,000 names, 12,500 of which were property owners. 2,731 of the property owners were non-residents, however, so that these figures confirm the estimates of the city officials.

Non-Resident Ownership

The assessor estimates that approximately one-half of the lots in the city are owned by non-residents. But this statement is made on the assumption that the Hudson's Bay Company be considered a non-resident. Except for the sale of part of the land of the Hudson's Bay Company in 1912, there is little evidence of any tendency on the part of non-residents to relinquish their holdings.

Speculation

In addition to the statements made in the preceding paragraph, which are of interest in this connection, it may be said that according to the estimate of the assistant assessor approximately one householder in every six in Edmonton owns an extra lot which he has bought for speculative purposes. The testimony of the citizens is practically unanimous in asserting that the tax system has not affected speculative activities to any considerable degree.

Employment

✓ The unemployment problem is acute in Edmonton. The extreme activity of building operations formerly present and the force of high prices for common labor resulted in attracting many persons to the city who, in a period of depression, cannot gain employment. There is a municipal employment agency. In July there were on file 1,400 applications for positions. During the first eighteen days of July the agency was able to supply work for 400 people. It is claimed by some citizens that most persons who are out of work are not really residents of the town but persons who drift from place to place in search of a job. The records of the employment office, however, show that seventy per cent. of the applications are from residents of the city.

General Prosperity

POPULATION (a)

	Edmonton.	Strathcona.
1901.....	2,626 (b)	1,550 (b)
1902.....	.....	.....
1903.....	5,445	.....
1904.....	.....	.....
1905.....	.....	.....
1906.....	14,000	.....
1907.....	18,000	.....
1908.....	20,000	.....
1909.....	23,000	.....
1910.....	27,000	.....
1911.....	30,000 (c)	5,579 (b)
		Greater Edmonton (d).
1912.....	.....	53,611
1913.....	.....	67,243
1914.....	.....	72,516

- (a) Except where otherwise noted the figures are those of the municipal census.
 (b) Dominion census.
 (c) The population, according to the Dominion census, was 24,900.
 (d) Strathcona included.

SCHOOL ENROLLMENT

	Public Schools.		Catholic Schools (b).
	Edmonton (a).	Strathcona (c).	
1905 .....	.....	.....	299
1906	1,224	.....	284
1907	1,538	.....	454
1908	1,850	652	524
1909	2,164	670	599
1910	2,430	752	691
1911	3,021	925	826
1912	4,120 (d)	1,392	956
1913	7,229	.....	1,414

- (a) The figures for 1906 are for the month of November. For the other years they are for the month of October.
 (b) The figures are for December 31st of each year.
 (c) The figures for 1908 are for September; all others for October.
 (d) Does not include the enrollment of the Strathcona schools which were not amalgamated until a year after the municipal governments were consolidated.

Bank Clearings

Even before consolidation Strathcona did not maintain a separate clearing house, all of its clearings being made through Edmonton. The following table gives the clearings in Edmonton from the time of the organization of the clearing house in 1907.

BANK CLEARINGS

1907	\$45,716,792.62
1908	38,496,510.12
1909	51,561,019.67
1910	71,635,125.97
1911	121,438,391.16
1912	220,707,625.00

1913	Jan.	\$18,394,721.79	
	Feb.	15,952,282.63	
	Mar.	16,360,215.60	
	Apr.	17,820,897.92	
	May	18,418,175.86	
	June	18,859,990.74	
	July	18,405,035.26	
	Aug.	15,770,803.41	
	Sept.	17,037,172.52	
	Oct.	17,680,454.13	
	Nov.	20,277,788.66	
	Dec.	18,075,778.52	
			\$213,053,317.04
1914	Jan.	\$15,609,722.27	
	Feb.	12,791,319.94	
	Mar.	14,249,340.40	
	Apr.	14,527,254.78	
	May	14,809,080.25	
	June	15,135,944.93	

RECEIPTS FROM STAMP SALES

1910		\$83,411.00
1911		113,031.00
1912		171,044.00
1913	Jan.	\$15,135.00
	Feb.	14,673.00
	Mar.	14,680.00
	Apr.	15,645.00
	May	15,905.00
	June	14,090.00
	July	15,150.00
	Aug.	14,838.00
	Sept.	15,311.00
	Oct.	17,355.00
	Nov.	16,100.00
	Dec.	23,910.00
		192,792.00
1914	Jan.	16,360.00
	Feb.	15,402.00
	Mar.	16,860.00
	Apr.	16,366.00
	May	15,956.00
	June	16,257.00
		97,201.00

GROSS POSTAL REVENUE (a)

Year ending June 30, 1900	\$4,542.96
" " " " 1901	5,102.56
" " " " 1902	6,039.36
" " " " 1903	8,958.16
" " " " 1904	13,104.48
" " " " 1905	15,254.15
" " " " 1906	25,494.03
Nine months ending March 31, 1907	34,459.45
Year ending Mar. 31, 1908	58,801.51
" " " " 1909	67,713.26
" " " " 1910	75,046.89
" " " " 1911	93,656.22
" " " " 1912	134,652.33
" " " " 1913	182,607.72

(a) Data compiled from the reports of the Postmaster-General.

The above data shows that the years of change in the tax system were years of great activity and prosperity which the tax changes did not retard to a noticeable degree.

STATUS OF PUBLIC OPINION

Summaries of Interviews

A high city official:

All taxes should rest on land values. This policy is good because it throws the burden upon the non-resident owner of vacant land who is profiting by the growth of the community. The system has been an incentive to building but in some cases it encourages a very undesirable type of building, *viz.*, the one-story "tax-payers." The way to control this, however, is through proper building regulations. The system has had little or no effect upon speculation. There has been no appreciable effect upon the minds of the investing public traceable to the tax system in Edmonton. The city's credit in New York City has been adversely affected, however, by the fact that the utilities are owned publicly rather than privately. Edmonton has the single tax because it happened into it. The people really have known no other system. Business buildings should not be taxed because this would be taxing industry. The council has for years been under the sway of professional real estate interests. They have misused their power in connection with the street railway system, so manipulating extensions as to redound to their private advantage rather than to the advantage of the city as a whole. The lines have been extended at great cost to the capital account into territory which even now is entirely unpeopled and which cannot possibly be made remunerative for some years.

An alderman:

The system was originally adopted in Edmonton because it offered a weapon which the people could use against non-residents and the Hudson's Bay Company. It was not adopted because of its theoretical attractiveness. The people in Edmonton in 1904 did not know whether Henry George was a horse or a dog. There is no serious thought of taxing buildings. The plan stimulates building but thus far has not interfered with speculation.

An alderman:

The system was adopted in order to reach the non-resident speculator. The city has gone too far in the direction of the single tax. However, it is a satisfaction to be able to get at the speculators, many of whom have made enormous fortunes in Edmonton real estate. Nevertheless the system has not been very effective in discouraging speculation. It has probably stimulated building. The tax experiments, together with municipal ownership, have had the effect of hurting the credit of the city.

A city official:

There is no doubt about the attractiveness of the scheme when land values are expanding very rapidly. There is considerable doubt about its value under other conditions. Embarrassment may be experienced in Edmonton very shortly. Last year the tax rate jumped from twelve to sixteen mills. Expenditures must be increased still further. There is no increase in land values this year. Unless conditions change so as to cause a rise in land values, the tax rate is likely to become

✓ unbearably high. One thing is sure, land values will not increase materially in the near future from new additions to the city. It looks as if the city would be forced to seek some new sources of revenue.

A city official:

Nothing definite can be said about the success or failure of the tax system in Edmonton. It is still in the experimental stage.

A city official:

The plan in force makes the assessment work very much more simple and cheap than it otherwise would be and is therefore attractive from the administrative point of view. The single tax has never been really tested in Edmonton and it is impossible to say whether it has been a success or not. It will probably be impossible to give an answer until another ten years have passed.

A city official:

The plan in force has a powerful appeal because of its simplicity. It furnishes a system which is easily understood.

A city official:

To say that the single tax does all that is claimed for it is to talk nonsense. There is no apparent effect upon building or speculation. "Having lived in both Winnipeg and in Edmonton I notice absolutely no difference." The system is attractive because it is so simple, not being complicated by expensive and annoying features like the business tax. Few people here are really single taxers at heart.

A provincial official:

Enormous land grants to the railroads and the Hudson's Bay Company furnish the historical background of the sentiment which is to be found in Edmonton to-day in favor of land value taxation. These large grants made men wild. The Edmonton charter, adopted in 1904, which exempted improvements from taxation came to be "looked upon as an ark of the covenant." No candidate for office would think of making a speech without prefacing his remarks by saying that he "believed, of course, in municipal ownership and the Edmonton charter, including the single tax." The citizens take pride in the fact that theirs were the first city to have the single tax and back the movement because it does not hurt them and because it is good real estate advertising.

A leading lawyer:

The system was adopted in 1904 after extended consideration. The matter was discussed in public meetings some time before it was adopted. The people could see things in the making. The growth of the town had increased land values. At least half of the town site was owned by non-residents who were benefiting because of this community-created value. It was unjust that the man who let his land lie idle should pay less taxes than the man who built a building. The system was devised to reach those predatory persons who grab land and give nothing to the community in return. No one in the group which drew the 1904 charter was a disciple of Henry George. None was in favor of land confiscation. The plan appealed to them as a sensible way of collecting taxes without involving any inquisition into the private affairs of the individual. It is very easy in this western country to see the beneficial effects of private ownership of land. The civilizing, uplifting effect upon the Slavs and other immigrants is nothing short of remarkable. Private ownership should not be des-

troyed. "At this point I part company with the single taxers." Land values should not be confiscated. The present real estate situation in Edmonton is not reassuring. There will be a large number of subdivided lots which will revert to agricultural uses and this will react unfavorably upon the values of other lands. The city has become involved in unwise and unnecessary expenditures. "Our water and sewer system, for instance, is constructed on a scale far beyond our needs." It is quite possible that Edmonton will soon be forced to seek some new sources of revenue in addition to the tax on land values if the present real estate depreciation continues, as it seems likely to do. A return will probably not be made to the tax on buildings. Some form of business tax will probably be resorted to. The system does encourage building but the plan has been in force such a short period of time that any attempt to generalize broadly is unjustifiable.

A banker:

In new and growing towns the single tax goes very well. It seems to stimulate building but has no effect upon speculation. The sources of loanable funds have not been adversely affected by the system.

A conservative banker:

The system is not worthy of high regard. It seems unjust to exempt revenue-producing properties which are the direct occasion of public expenditure. There is a dark future ahead for real estate values in the city under the single-tax system. Very large taxes are to be expected. ✓

A very wealthy real estate operator:

The feeling against the Hudson's Bay Company and non-resident owners of real estate had more than anything else to do with the establishment of the single tax. The large tracts owned by the Hudson's Bay Company and the 150 acre penitentiary site have complicated the problem of the city by making the extension of public utilities more expensive than they otherwise would have been. In slow times the heavy taxes on vacant land hurt but in boom times the people forget all about taxes. On the whole the system is good. There is no doubt but that it stimulates building. An example of this is furnished in a recent transaction by my own firm. Because of the heavy taxes on a vacant piece of land we felt it necessary to place a building upon it in order to obtain some revenue. Edmonton has not been so hard hit as other cities by the present depression. There is more building going on here than in other places. Most of the distress is being experienced by people who are loaded up with vacant property which is not good security for loans. Many people bought up the land at high prices expecting to pay but one installment and to sell at an advance before further payments became due. With the bottom out of the real estate market such people are finding difficulty in paying interest, the second installment and the taxes on their property. The Hudson's Bay Company is experiencing difficulty in its attempt to collect the second installments on the land sold in their great sale a few years ago. Many persons would gladly sacrifice their first payment if the company would take the lands off their hands; but this the company refuses to do. Some of the property in town has a value which is greatly inflated. Many of the subdivisions will doubtless decrease enormously in nominal value in the near future. My firm has owned large areas of land but we are selling it off. We prefer to put our money into mortgages at eight per cent.

A mechanic:

There have been no noticeable effects which can be attributed to the single tax in Strathcona.

The proprietor of a large printing establishment:

Edmonton is not a good town from which to judge the effects of the single tax. The effects which might be expected are not apparent at all. Land values have increased enormously in spite of the tax system and rents have not been kept down, although they seem now to be declining somewhat. The reason that the tax system has had so little effect is that the town has been increasing so rapidly in prosperity that the effects of the tax system have been swallowed up. In boom times the taxes are not taken into consideration. Undoubtedly the system has operated to stimulate building.

A university professor:

The only real arguments for the system are that it encourages building, discourages speculation, and it makes it necessary for the man who owns property to improve it. There can be no doubt but that it has stimulated building in Edmonton. "As an owner of vacant property I have felt some of the pressure in this direction." It has had no noticeable effect upon speculation thus far. That effect depends upon the rate of increase in land values. Thus far this rate has been great enough to more than counterbalance the tax. It is difficult to judge what will be the ultimate effects and worth of the system. There is considerable distress evident at the present time, a number of people being able to carry their land only with great difficulty. A proposal to reduce the tax on buildings ten per cent. annually is somewhat radical. Some allowance must be made for years of depression. "We can stand violent wrenches out here."

A barrister; a former city official.

No doubt the desire to reach the Hudson's Bay Company was very influential in determining the action of the framers of the charter in 1904. They were not believers in the confiscation of land values but they felt that a man who carried his land idle, at little cost to himself, should be prevented from doing so. It was thought that the system would prove beneficial and results have justified the expectation. It is a very desirable system for a new city. Here it has not operated to prevent speculation entirely. The taxation question is essentially a local problem and New York would be a particularly bad place to try the Edmonton plan. In an old city which has been acquiring revenue from its buildings it would be indeed a violent wrench from the old order of things to shift the system. There is a day coming when it will be necessary for Edmonton to depart from the present plan. The necessity for revenue will compel the adoption of other methods.

A minister:

The system slipped into force in 1904 without a hitch. Everyone likes it and feels that it is the fairest plan. A man should certainly not be penalized for putting up a good building. The plan does stimulate building. There has been no perceptible effect upon rent or upon speculation. When it comes to speculation in land "the people are like sheep."

A newspaper editor:

The single tax in Edmonton is an accident. In 1904 practically all the improved real estate belonged to the people in the town and prac-

tically all the unimproved to non-residents. The citizens, meeting together to decide what to tax, decided to tax the other fellow. They had no idea that they were creating a single-tax city. None of them was a single taxer theoretically. Some one came along later and told them that they were single taxers and they believe that they are. Most of them are badly mixed in their philosophy. None of them is conscious of anything peculiar in the tax system. The system stimulates building and compels the owners of valuable lots to improve their property to some extent at least in order to cover carrying charges. An example of this effect is furnished by one of the banks, which has purchased a valuable piece of property and is forced by the high tax to erect a "tax payer." The competition of such buildings means lower rents. Of course the stimulus does not distinguish between buildings. It stimulates all kinds, both desirable and undesirable. The effect of the single tax has undoubtedly been to reduce land values, or rather to retard their growth and prevent them from becoming so great as they otherwise would have been. Few people realize this, however. Edmonton will never go back to taxing buildings. It is a political impossibility. The average man owns a house and lot of about equal value. The total value of land in the city greatly exceeds the value of the buildings. When you approach the average man with a proposal to tax his house in addition to taxing his land you are asking him to increase his share of the tax burden. Few voters will favor altering the system to their own economic injury when the injury is so plainly apparent. "If I have a house worth \$2,000 and a lot worth \$2,000 and I now pay a tax on my land alone, you cannot persuade me to tax my building also, unless the rate be cut in half, as it cannot be here in Edmonton. The average man's thought on taxation does not get beyond this elementary reaction against higher taxes." There is a theoretical possibility that some disturbance would result in New York from an annual ten per cent. reduction but probably such a disturbance would not actually materialize. "The dose would not be so bad as it looks. Don't be afraid."

A newspaper man :

The land tax has been an utter failure in the small towns. There are some things to indicate that it has not been entirely successful in the larger places. One thing is certain: Edmonton is having more and more difficulty in getting money. "If we had gone along the old-fashioned way our credit would be better. I do not see how the experimental legislation in this section can have any other than a disquieting effect upon the minds of those upon whom we depend for our municipal funds. The increasing difficulty in securing funds is partly due to such legislation, in which the tax legislation plays such a prominent part." "I do not know whether the tax has had any effect upon building but I think it has not had any effect. The great majority of the people are not in favor of the confiscation of land values and very few have grasped the single tax philosophy in its completeness."

2. CALGARY

THE CITY

Calgary lies in the foot-hills of the Rocky Mountains about 130 miles north of the international boundary. The city extends over a small plain between the Bow and the Elbow Rivers and over the surrounding heights, from which a beautiful view of the distant mountains is obtained. Incorporated as a town in 1884 it had grown to sufficient size to secure a charter as a city in 1894. Estimates of its present population vary from 75,000 to 90,000.

Calgary has vast stores of coal close at hand. Anthracite mines are within seventy miles of the city and soft coal within forty miles. Natural gas is available in large quantities.(1) The mountain streams on which Calgary is situated have a sufficient fall to furnish water power, which is being supplied at present at the price of one cent per kilowatt hour with ten per cent. discount for prompt payment. In one case the power is being supplied at three-fourths of a cent per kilowatt hour.

Calgary's location, moreover, in reference to the surrounding country, makes it a natural center for the marketing of products and for the wholesale trade. The city is served by three transcontinental railways. The Canadian Pacific reached Calgary in 1883; and in 1913 the Canadian Northern Railway and the Grand Trunk Pacific extended their lines to the city.

The headquarters for the Canadian Pacific Railway irrigation project are located in Calgary. This is claimed to be the second largest irrigation project in the world.

The region to the west is particularly well adapted for ranching and the city has developed into a center of considerable importance for the marketing of cattle and hogs.(2)

Because of the advantages which Calgary has been able to offer, of which cheap power is perhaps of greatest importance, and because of the encouragement which has been offered by grants and concessions, a number

(1) At present the city is supplied with gas by a private company, which brings it a distance of 182 miles. The charge varies according to the amount used and the purpose for which it is used, from fifteen cents to thirty cents per one thousand cubic feet. Under the conditions of consumption in 1913 the company received approximately 21.2 cents per one thousand cubic feet.

Gas in small amounts has been discovered within the city limits. Moreover, since drilling for oil has begun, large quantities of gas have been found forty miles away. In the summer of 1914 two companies were seeking a franchise from the city to furnish gas at the rate of ten cents per one thousand cubic feet. The franchise of the present company does not expire, however, for several years.

(2) The removal of the United States tariff is said to have stimulated Calgary's trade in live stock. During 1913, 6,414 cars of live stock were received, the receipts consisting of 6,366 horses, 70,416 cattle, 78,318 sheep and 128,591 hogs. This entire business has developed in the last eight years, being practically negligible in 1905. Steps have been taken by the city to encourage the development of this industry by the purchase of a union stock yard with public money. A by-law has been passed authorizing a loan of \$350,000 for the purchase of a site for stock yards, in connection with which it is proposed to erect a municipal abattoir. Municipal Manual, City of Calgary, 1914, p. 7; By-law 1579, Sept. 30, 1913.

of manufacturing establishments of various sorts have located there. Among the concessions granted have been cash bonuses, exemptions from taxation, low rates for water, power and light and free sites. At present the city claims more than 100 factories.(1) Most of these concerns are engaged in the elementary manufacturing processes: flouring mills, lumber mills, tanneries, sash and door factories, concerns for making brick and clay products, packing plants and creameries are among the most prominent.

From very early in its history Calgary has pursued the policy of making special concessions to industries locating in the city. As early as 1892 a grant from the public treasury of \$800 was made to a tannery for the purpose of purchasing a site; and a grant of \$5,000 to a flour mill.(2) In 1898 the city gave a \$25,000 bonus to the Canadian Pacific Railway for establishing their shops in Calgary. Liberal amounts have been allowed from the public treasury for publicity campaigns. For several years before 1914 the city spent approximately \$12,000 a year for advertising. In 1914 this policy was discontinued because of an adverse vote of the rate payers.

In addition to the city's activity, the Board of Trade, through its industrial commissioner, makes it a practice to do everything in its power to secure new industries. This organization receives about \$2,000 from the city each two years, and it has spent as much as \$8,000 in advertising in a single year. Moreover, large sums are spent in securing conventions for the city.

One of the most interesting methods adopted to aid in securing new industries is the city's purchase of industrial sites. Some four years ago the city acquired a tract of approximately 160 acres, which was served by railroad trackage; and this land has been held for sale only to manufacturers who propose to locate in Calgary. The land is given to such persons at cost, which is \$1,200 per acre. Similar land is worth at present from \$4,000 to \$5,000 an acre. Moreover, the manufacturer is given easy terms of payment. Recently a law has been passed by the legislature of Alberta forbidding bonuses to industries;(3) but Calgary was able to secure concessions which practically exempt it from this law. In the first place certain tracts now included within the city limits were brought within the corporation lines in 1907 with the understanding that such manufacturing plants as might locate there would be exempt from taxation until 1923 on their buildings, improvements, machinery and stock; and that until 1918 the assessed value of their land should be limited to the sum of \$3,000 per acre and for an additional five years to \$5,000 per acre.(4) Moreover, it was provided that upon vote of two-thirds of the rate payers similar concessions might be made to manufacturers locating upon any land within the city limits.(5) The city is also permitted to dispose of its industrial sites

(1) Book Edition, *The Morning Albertan*, 1914.

(2) Manual, 1914, p. 25.

(3) Alberta statutes, 1913, c. 41, s. 22.

(4) Ordinances and Statutes Comprising the Charter of the City of Calgary, consolidated, to the 31st day of December, 1912, p. 21, s. 25, sub c.

(5) *Ibid.*

at cost, to supply coal, light, power and water at cost, to subscribe to stock with the consent of the rate payers and to spend as much as \$20,000 a year on advertising. Until recently the sentiment in Calgary has favored exemptions to manufacturers. During the last few months considerable sentiment has developed in opposition to such proposals.

No new industries have been established recently. Business conditions are dull.

Under the provisions of a by-law passed in September, 1913, (1) authorization was made of a loan of \$250,000 for the construction of an industrial building. This building was planned as a public "incubator" for infant industries. It was proposed that space in the building be rented at cost to manufacturers who were seeking to locate in the city. The advent of dull times has had the effect of postponing the construction of this building.

In October, 1913, petroleum was discovered near Calgary. The discovery of one well started a wild speculation and a large proportion of the citizens of Calgary have been devoting their attention during the past twelve months to the promotion of companies to drill for oil. Great sums of money are being invested. Trading in oil shares had developed to such an extent in the summer of 1914 that seven stock exchanges were found necessary to handle the business. What effect this speculation will have upon the economic situation can only be conjectured at the present time. Calgary, like the rest of the Canadian West is in the midst of a general business depression. There is very little activity in real estate. Moreover, there is little prospect of an immediate revival. What the immediate future will bring forth will depend largely upon the outcome of the oil projects. Unless these wells should prove to be very productive all agree that general economic conditions in Calgary may be expected to become acute.

In Calgary, as in the other cities discussed in this report, the importance of the city finances has increased remarkably during recent years. The total revenue and expenditure for the last seven years are shown in the following statement:

REVENUE AND EXPENDITURE (a)

	Total Revenue.	Total Expenditure.
1907.....	\$353,180 23	\$232,762 79
1908.....	480,577 89	304,098 34
1909.....	699,713 94	408,907 24
1910.....	1,071,457 19	579,829 92
1911.....	1,555,852 88	930,518 46
1912.....	2,813,368 16	1,767,116 53
1913.....	4,567,165 96	4,284,874 48

(a) Municipal Manual, 1914, p. 238.

(1) By-Law 1579.

The figures in this statement include the receipts and expenditures of the public utilities owned by the city, which consist of the water works, the street railway and the electric light and power company. The financial reports for 1913 show a favorable balance for both the street railway and the electric light and power departments. The water works department showed a deficit of \$7,775.98.

The great bulk of the non-commercial revenue of Calgary is raised from the tax on property. The following table shows the income from the tax on property, interest on taxes overdue, and from the taxes on polls:

RECEIPTS FROM TAXATION

	Property Taxes.	Interest on Taxes.	Poll Taxes.
1905.....	\$108,866 55	\$409 41	\$1,944 00
1906.....	.....	.....	.....
1907.....	212,764 72	72 16	1,862 90
1908.....	296,086 72	348 88	2,751 00
1909.....	387,766 15	1,199 51	6,089 60
1910.....	408,874 11	2,614 83	7,581 20
1911.....	691,711 30	2,221 29	8,840 20
1912.....	1,303,304 01	2,206 11	15,416 40
1913.....	2,285,169 71	6,245 94	11,375 40

The following somewhat abridged transcript of the revenue account of the city for 1913 may aid in making clear the financial situation of the city. The statement does not take into account the financial operations of the public utilities. It will be noted that the debt service for the general and local improvement debt alone cost the city \$730,992.56 in 1913.

REVENUE ACCOUNT FOR YEAR ENDED DECEMBER 31, 1913

RECEIPTS			
General Assessment		\$2,498,181 68	
Less Cancellations	\$9,954 35		
Discount	203,057 62	213,011 97	
			\$2,285,169 71
Local Improvement Assessment.....		\$387,207 87	
Less Water Frontage Assessment.....		90,475 45	
			296,732 42
Fees—			
Sundry licenses		\$83,706 65	
Poll tax		11,375 40	
Market and Pound.....		8,745 95	
Building Permits		4,796 71	
Plumbing Permits		3,219 10	
Electric Wiring Permits.....		7,458 38	
Isolation Hospital		10,908 75	
Miscellaneous		12,464 33	
			142,675 27
Miscellaneous			56,593 28
			<u>\$2,781,170 68</u>

EXPENDITURES

General Executive and Finance.....	\$194,137 90	
Public Works Department.....	335,729 87	
Publicity Department	12,407 03	
Miscellaneous	734,640 81	
		\$1,276,915 61
Grants—		
Public Schools	\$350,000 00	
Separate Schools	40,779 00	
Public Library	20,000 00	
Holy Cross Hospital	14,706 75	
General Hospital	26,761 15	
		452,246 90
Bank Interest		86,608 39
Debenture Charges—		
General Interest	\$256,240 75	
Sinking Fund	175,365 93	
Local Improvements, Interest.....	171,016 07	
Local Improvements, Sinking Fund.....	128,369 81	
		730,992 56
Miscellaneous		56,589 32
		\$2,603,352 78
Surplus carried to Net Revenue Account.....		177,817 90
		\$2,781,170 68

Section 166 of the city charter provides that the indebtedness of the city shall be limited to "twenty per cent. of the value of the property in the city according to the revised assessment roll." But this limitation does not apply to debt incurred for school purposes or for local improvements. This section is so interpreted as to involve the reduction of the borrowing power of the city when the assessment of buildings is diminished. The city debt has increased enormously during the last few years. From the statement which follows it will be seen that the outstanding debentures in 1913 were nearly twenty times the amount outstanding in 1905. The greatest increase was made in 1912 when the indebtedness was practically doubled within a year.

OUTSTANDING DEBENTURES, 1905-1913 (a)

	Local Improvements.	Total.
1905.....	\$176,126 00	\$649,876 00
1906.....	158,126 00	2,108,076 00
1907.....	360,126 00	2,814,076 00
1908.....	859,700 16	4,033,650 16
1909.....	1,205,952 86	6,069,902 86
1910.....	1,501,846 19	6,384,069 52
1911.....	3,042,929 80	11,482,095 85
1912.....	3,145,927 80	12,523,608 30
1913.....		

(a) The figures are for December 31st of each year.

The distribution of the debentures outstanding in 1913 was as follows:

General	\$4,226,467 89
Local Improvements	3,145,929 80
Electric Light and Power.....	1,307,000 00
Street Railway	1,530,210 61
Water Works	2,314,000 00
	<hr/> \$12,523,608 30

Calgary has made considerable use of the plan of financing by short-term notes. At the end of 1913 there were outstanding treasury bills to the amount of \$5,864,333.34.

The annual charge for interest and sinking fund occasioned by the total debt amounted in 1913 to \$1,065,771.40. The sinking fund accumulated for the payment of the city debt had resources at the end of 1913 amounting to \$1,272,944.22. About half of this sum, \$679,353.95, is invested in loans secured by real estate in the city. Application is made to the finance committee of the council. It is the custom not to lend more than fifty per cent. of the value of the property as determined by experts appointed by the committee. The rate on these loans was formerly six per cent. As a rule the loans made recently have been placed at seven per cent. The other resources of the sinking funds are in the hands of the banks.

THE TAX SYSTEM

If the commercial ventures of the city be disregarded, Calgary may be said to have received in 1913 more than four-fifths (82.2%) of its income from taxes on property—\$2,285,169.71 out of a total income of \$2,781,170.68.(1) Local improvement assessments yielded \$296,732.42, the greater part of the remainder. The income from the water frontage assessment amounted to \$90,475.45. Various licenses and fees yielded \$131,299.87 and a poll tax of \$3.00 upon a restricted class netted \$11,375.40.

The system of taxation in Calgary has been subject to many changes in recent years. Certain classes of personal property have always been subject to taxation, but always undervalued one-third. Previous to 1911 an attempt was made to tax income, but the experiment resulted so unsatisfactorily that in that year it was abandoned. An initial exemption of \$1,000 was allowed. Calgary has never had a business tax, but that part of the personal property tax which falls upon stock-in-trade amounts to very much the same thing. There is a movement on foot at present to substitute a business tax apportioned on the rental basis for this part of the personal property tax.

Before 1909 both land and buildings were assessed at approximately one hundred per cent. of their value. The first discrimination in favor of land seems to have been made in 1909, when buildings were assessed at eighty per cent. of their value. In 1910, through action of the council, the assessment of land was reduced to ninety per cent. The following year lands continued to be assessed at ninety per cent., but the assessment of

(1) Almost nine-tenths (88.9%) of the property taxed consisted of land.

buildings dropped to fifty per cent. Authorization for the reduction of the tax on buildings was secured through an amendment to the city charter.(1) The amended section provided that buildings and improvements should be assessed at fifty per cent. of their value with this proviso: "That the council may by by-law provide that the said percentage of actual value at which buildings and improvements are to be assessed shall be reduced each year by at least ten per centum of such actual value until all such assessments on buildings and improvements shall have been extinguished." Thus Calgary was committed to a program of the total exemption of improvements and it was confidently expected that the city would be entirely on a single-tax basis within a few years. The council in 1912, however, instead of reducing the assessment of buildings only ten per cent. struck off one-half of the remaining value of buildings, bringing the assessment down to twenty-five per cent., and at the same time raised the assessment on land to one hundred per cent. In 1913, however, the council experienced a change of heart. Instead of reducing the assessment on buildings still lower, as they were bound to do by the terms of the charter, they held the assessment of buildings at twenty-five per cent. and went to the legislature for an amendment to the charter. The proposed charter amendment did not meet with the entire approbation of the Liberal Government and the measure which was finally passed(2) permitted Calgary to continue to tax buildings and improvements at twenty-five per cent. for more than one year, relieving the city of the compulsory ten per cent. annual reduction. But the legislature insisted that if the tax on buildings and improvements was to be increased, the consent of the majority of the rate-payers must first be secured.(3)

Special assessments and frontage taxes are levied to pay part of the cost of pavements, sidewalks, curbs and gutters, sewers and water mains. The city pays from general sources one-half the cost of street improvements and sewers, and in addition gives special aid to the owners of corner lots. Sand and gravel are very reasonable in price at Calgary, as compared with Regina and Saskatoon, but on the other hand considerable heavy grading is necessary. The cost of a complete set of improvements to the owner of a twenty-five-foot lot, in spite of the unusual share assumed by the city, is not lower than in other cities, the annual charge being, at the lowest, \$17.90.

Before 1911 the charter of Calgary contained a provision which made it impossible to assess agricultural lands within the city limits at more than fifty dollars per acre. The definition of agricultural land was indefinite and the clause operated to encourage the practice of holding large tracts out of use for a rise in value. For example, one tract of seventy-five acres about a mile and a half from the post office was claimed to be agricultural

(1) Statutes of Alberta, 1911, c. 63, s. 3 (charter, s. 29, sub. 9).

(2) *Ibid.*, 1913, c. 35, s. 29.

(3) *Ibid.*, c. 41, s. 5.

land because the owner used it as pasture for polo ponies. In 1911 the legislature struck out the fifty-dollar valuation clause.

Calgary operates under a special charter granted in 1893 and amended at various dates since. Section 38 of this charter states that all land and personal property in the city shall be liable to taxation. The list of exemptions, however, includes one-third of the value of all personal property belonging to any person assessed.(1) Household effects are also exempt, as is the property of churches, including land up to the limit of one-half an acre, and, in part, the property of schools.(2) An attempt is made to list all personal property except that specifically exempted; but the assessor meets with little success in his efforts. The chief items which find their way to the tax roll are automobiles and stock in trade. Stock is assessed at its fair average value. A poll tax of three dollars is imposed upon all male inhabitants of the city between the ages of twenty-one and sixty whose names do not appear upon the assessment rolls as being subject to taxation on property amounting to at least \$150. An application is now (1914) before the legislature asking for the abolition of this tax.

The work of assessing property usually occupies from August to December, but often the tax bills are not sent out until June, so that the collections are not made until nearly a year after the property has been assessed. The city council, acting as a court of revision, meets in January or February. An appeal from the decision of the court of revision may be had to a judge of the district court, whose decision is final. A loophole for over-assessment seems to be provided by the charter clause which reads: "No assessment shall be changed by the Court of Revision or Judge which appears to be in practical uniformity in regard to value throughout the city."(3) In case taxes on personal property are unpaid the property may be seized by the sheriff, but in fact no personal property has ever been sold for taxes. Land must be in arrears two years before it can be sold, and for thirteen months and a day after the sale the land can be redeemed upon the payment of the taxes and costs, plus ten per cent. interest. The last tax sale was held in 1911.

The following table gives the assessed value of land, buildings, personal property, and income for a number of years back:

ASSESSED VALUE OF TAXABLE PROPERTY (a)

Year.	Land.	Percentage of Full Value.	Buildings.	Percentage of Full Value.	Personal Property.	Percentage of Full Value.	Income.	Total Tax Base.
1885....	\$386,863
1886....
1887....
1888....

(1) Charter, s. 38.

(2) Before 1914, a very liberal exemption was given to schools. An amendment in that year required that the property "be exclusively used and occupied by the school," and refused the exemption privilege to certain types of educational institutions.

(3) *Ibid.*, c. 33, s. 39 (1).

Year.	Land.	Percentage of Full Value.	Buildings.	Percentage of Full Value.	Personal Property.	Percentage of Full Value.	Income.	Total Tax Base.
1889....	.....	..	.....	..	.....	..	.....	1,324,050
1890....	.....	..	.....	..	.....	..	.....	1,821,000
1891....	\$1,904,285	80%	with land	80%	with land	..	\$7,450	1,911,735
1892....	2,454,504	"	"	"	\$252,750	66 2/3%	33,300	2,740,554
1893....	2,153,190	"	"	"	257,000	"	78,500	2,488,690
1894....	1,733,106	"	\$655,435	"	308,774	"	.....	2,782,687
1895....	1,509,388	"	724,835	"	249,500	"	.....	2,076,530
1896....	1,043,050	"	833,830	"	180,100	"	19,600	2,076,480
1897....	1,014,445	"	788,475	"	161,250	"	29,350	1,993,530
1898....	1,067,465	"	795,995	"	171,650	"	22,200	1,937,760
1899....	1,059,745	"	688,745	"	250,050	"	19,600	2,018,140
1900....	1,059,005	"	744,515	"	288,700	"	73,300	2,165,520
1901....	1,042,660	"	824,315	"	347,150	"	92,915	2,307,040
1902....	1,035,635	"	911,300	"	343,850	"	92,540	2,383,325
1903....	1,508,560	"	1,270,059	"	420,430	"	22,500	3,221,549
1904....	2,140,488	100%	1,436,399	100%	495,250	"	27,300	4,099,437
1905....	2,289,655	"	2,327,264	"	769,300	"	47,250	5,433,469
1906....	3,758,341	"	3,011,290	"	968,690	"	43,600	7,781,921
1907....	7,861,171	"	3,716,575	"	1,263,700	"	51,050	12,892,496
1908....	10,282,068	"	6,060,485	"	1,550,875	"	48,250	17,941,678
1909....	12,597,808	"	5,612,935	80%	1,539,585	"	74,650	19,824,978
1910....	22,433,417	90%	5,747,315	"	2,469,360	"	146,000	30,796,092
1911....	40,924,800	80%	7,299,895	50%	4,522,905	"	.....	52,747,600
1912....	102,260,915	100%	5,203,405	25%	4,133,815	"	.....	111,598,135
1913....	120,801,558	"	7,293,090	"	4,928,970	"	.....	133,023,618
1914....	119,842,255	"	9,308,525	"	5,735,645	"	.....	134,886,425

(a) The detailed figures for 1894-1898 are approximate only, the changes made by the Court of Revision not being included. This explains the discrepancies between the sums of the items and figures given as the "Total Tax Base."

The reduction of the tax on buildings in 1909, 1911 and 1912 did not have the effect of decreasing the tax base. On the contrary, the tax base shows a steady increase.

The assessor believes that the assessment of land closely approaches its actual value. By actual value he has in mind a fairly conservative value. Some real-estate men, however, feel that the "actual value" in the mind of the assessor is considerably above the price which could be gotten in cash to-day for land. One real-estate man cited three lots which were assessed for \$6,300 each which were offered for sale at \$2,500. It was suggested by one citizen that property near the center of the city was assessed at a disproportionately high figure compared with the property in the outskirts. It was his belief that the city does not care to take the risk of assessing this remote property at the same proportion of its value because it is feared, since much of the land is unoccupied, that the owners would give up the property. The persons who have buildings on their lots, therefore, bear a heavier share of the burden than would appear. If this is true, it would of course operate to counterbalance to some extent the undervaluation of buildings as compared with land.

The tax limit for general purposes in Calgary is twenty mills,(1) but in addition the city has power to levy all necessary rates for interest, sinking fund, debt, and school purposes. One mill may be levied for hospital purposes.(2) Three-fourths of a mill may be levied for park purposes.

(1) Charter, s. 42.

(2) Statutes of Alberta, 1913, c. 35, s. 21.

The following table gives the tax rates levied annually for a number of years:

TAX RATES
(Mills)

	Total.	General.	School.	Hospital.	Library.	Parks.	Deben- tures.
1885.....	10.	.....	.....	.....	.....	.....	.....
1886.....	.....	.....	.....	.....	.....	.....	.....
1887.....	20.	.....	.....	.....	.....	.....	.....
1888.....	16.	13.	3.	.....	.....	.....	.....
1889.....	15.	.....	.....	.....	.....	.....	.....
1890.....	15.	8.5	2.	.....	.....	.....	4.5
1891.....	18.	12.	2.	.....	.....	.....	4.
1892.....	13.	9.	2.	.....	.....	.....	2.
1893.....	15.	9.	4.	.....	.....	.....	2.
1894.....	12.	8.	4.	.....	.....	.....	.....
1895.....	16.	9.	4.	.....	.....	.....	3.
1896.....	20.	10.	6.	.....	.....	.....	4.
1897.....	20.	10.	5.	.....	.....	.....	5.
1898.....	20.	10.	5.	.....	.....	.....	5.
1899.....	18.	8.	5.	.....	.....	.....	5.
1900.....	19.	10.	5.	.....	.....	.....	4.
1901.....	20.	10.	5.	.....	.....	.....	5.
1902.....	21.	10.	6.	.....	.....	.....	5.
1903.....	20.	10.	6.	.....	.....	.....	4.
1904.....	22.	10.	6.5	.....	.....	.....	5.5
1905.....	22.	10.	7.5	.....	.....	.....	4.5
1906.....	22.	10.	6.	.....	.....	.....	6.
1907.....	18.	9.	5.	.....	.....	.....	4.
1908.....	18.	9.	5.	.5	.....	.....	3.5
1909.....	21.5	10.	7.25	.5	.....	.....	3.75
1910.....	15.	7.125	4.5	.25	.....	.....	3.125
1911.....	14.5	7.316	3.5	.25	.333	.6	2.5
1912.....	12.5	7.41	2.6313	.2266	.1550	.375	1.7021
1913.....	18.75	10.2885	3.0298	.5634	.5418	.1505	4.1760
1914.....	20.75	9.129	5.61	1.0567	.1854	.7376	4.0313

It will be noticed that the reduction of the tax on buildings to eighty per cent. in 1909 was accompanied by an increase in the tax rate from eighteen mills to 21.5 mills. The reduction from eighty per cent. to fifty per cent. of the tax on buildings in 1911 was accompanied by a reduction in the tax rate from fifteen mills to 14.5 mills. A further reduction of the tax on buildings in 1912 was accompanied by a decrease in the tax rate of two mills. Substantial increases were made in the rate in 1913 and 1914.

A rebate of ten per cent. is given if taxes are paid before October 1st. The full tax is charged until December 1st, after which date a penalty of six per cent. per annum is added.

Such evidence as is available seems to indicate that the residents of Calgary are finding tax paying increasingly difficult. The city accounts for 1913 show that on December 31st, the collection roll debtors owed the city the sum of \$527,544.38. It is true, however, that it has never been found necessary to sell personal property for taxes and that such land as has been sold for taxes has always been redeemed. Appeals from the assessment are quite numerous. It is reported that the appeals numbered 480 in 1912.(1) In 1913 there were 246 appeals. Of these approximately fifteen

(1) *Canadian Municipal Journal*, VIII, p. 21 (June, 1914).

per cent. were successful in securing reductions. Many of the appeals were against the assessment of personal property.

The assessor testifies that the man of moderate income owns a lot which is worth about \$450 and a building which is worth from \$1,200 to \$2,000. The taxes on property of this type, at the 1914 rate, amount to \$21.48. To this should be added the local improvement charge of about eighteen dollars.

Just at present there is considerable distress caused by the depression in the real estate market. A very large proportion of the residents of the city own real estate which they purchased for speculative purposes. A considerable number are "land poor." There is no way, however, of measuring accurately the amount of distress.

DATA FOR GAUGING THE EFFECTS OF THE SYSTEM

Building Operations

The building statistics of Calgary include not only new construction but repairs and alterations as well. Cancellations are not removed but they are few in number. Building permits for less than one hundred dollars are not issued. The amount of the fees to be paid depends upon the value of the proposed structure, with the result that undervaluation is present to a considerable degree. In the opinion of the building inspector at least twenty per cent. should be added to the valuation as given in the statistics of building permits to secure the sum which approximates the true values. The following table shows the number and value of building permits issued from 1904 to date:

BUILDING STATISTICS, 1904-1914(a)

	No. of Permits.	Value.
1904 .....	....	\$880,193.00
1905 .....	....	838,829.00
1906 .....	....	1,097,136.00
1907	605	2,094,264.00
1908	423	1,004,520.00
1909	777	2,420,450.00
1910 { Jan.	49	\$106,500.00
Feb.	55	169,800.00
Mar.	148	415,800.00
Apr.	189	603,930.00
May	156	525,066.00
June	162	573,846.00
July	133	520,098.00
Aug.	124	449,988.00
Sept.	100	720,372.00
Oct.	165	568,290.00
Nov.	158	590,604.00
Dec.	80	354,300.00
	1,519	5,598,594.00

(a) Statistics for the period 1904-1909 are taken from the Municipal Manual, 1914, p. 109; for 1910-1914 from the records of the building inspector. Several discrepancies appear: the total value for 1910 appears in the Municipal Manual as \$5,589,594; the number of permits in 1910 is given as 1,499; in 1912 as 3,483; and in 1913 as 2,078.

		No. of Permits.	Value.
1911	Jan.	37	\$296,040.00
	Feb.	110	333,660.00
	Mar.	219	1,012,260.00
	Apr.	329	1,127,256.00
	May	306	3,616,812.00
	June	314	1,826,220.00
	July	214	817,980.00
	Aug.	286	927,540.00
	Sept.	268	903,210.00
	Oct.	288	803,160.00
	Nov.	138	545,340.00
	Dec.	110	698,160.00
		2,619	12,907,638.00
1912	Jan.	86	\$381,784.00
	Feb.	227	938,724.00
	Mar.	288	1,086,210.00
	Apr.	427	1,708,380.00
	May	409	2,215,392.00
	June	374	2,210,580.00
	July	315	1,350,516.00
	Aug.	357	1,799,280.00
	Sept.	314	4,170,360.00
	Oct.	348	1,595,490.00
	Nov.	235	1,903,944.00
	Dec.	110	1,033,560.00
		3,490	20,394,220.00
1913	Jan.	76	\$134,760.00
	Feb.	97	152,100.00
	Mar.	192	252,365.00
	Apr.	375	1,560,430.00
	May	281	886,210.00
	June	230	1,498,620.00
	July	224	1,164,618.00
	Aug.	168	1,083,530.00
	Sept.	173	362,480.00
	Oct.	144	748,300.00
	Nov.	92	439,740.00
	Dec.	66	336,500.00
		2,118	8,619,653.00
1914	Jan. ....	..	.....
	Feb. ....	..	.....
	Mar.	715	\$574,800.00
	Apr.	168	223,500.00
	May	233	540,600.00
	June	178	305,200.00
		1,294	1,644,100.00

The years of the tax changes, 1909, 1911 and 1912, were banner years in the building trade.

Among the buildings constructed in 1909 were included fifty-two business blocks valued at \$561,594, fifteen warehouses worth \$278,640, four schools valued at \$148,800, five elevators and grain tanks, \$178,400, and six hundred and seventeen private residences worth \$1,033,350. The returns in 1910 include one thousand residences constructed at a cost of over \$2,000,000. An analysis of the permits issued in 1911 shows that eighty-

two buildings were constructed which were valued at figures between \$10,000 and \$100,000 each, fourteen buildings between \$100,000 and \$1,000,000 and two buildings of over \$1,000,000. A more detailed statement of the character of the buildings erected during 1912 and 1913 follows:

CLASSIFICATION OF BUILDING PERMITS, 1912-1913

Number.			Value.	
1912.	1913.		1912.	1913.
109	33	Business buildings.....	\$4,402,920.00	\$552,000.00
52	25	Warehouses and factories.....	3,271,200.00	1,595,700.00
243	122	Residences over \$4,000.....	1,099,200.00	1,251,600.00
2,173	1,171	Residences, \$1,000 to \$4,000.....	4,744,900.00	2,742,000.00
44	20	Apartment houses.....	1,243,200.00	573,600.00
12	3	Schools	885,100.00	367,000.00
..	..	Canadian Pacific Railroad shops.....	2,247,787.00	.....
12	3	Churches	253,200.00	38,400.00
4	..	Fire halls <i>etc.</i>	107,520.00	.....
3	7	Government and civic buildings.....	276,000.00	665,000.00
4	6	Theatres and theatre alterations.....	384,000.00	180,000.00
9	..	Livery stables.....	104,360.00	.....
4	6	Garages	67,200.00	37,000.00
1	2	Hospitals	21,600.00	100,000.00
813	680	Small buildings, alterations and small extensions	452,620.00	517,353.00
..	..	Miscellaneous	33,345.00	.....

The height of buildings is restricted by the following section of the building code: (1) "No buildings or other structures hereafter erected, other than buildings heretofore approved by the Superintendent, except a church spire, smoke stack, water tower, hose tower, shall exceed 130 feet in height. Said height shall be measured from street level to the highest point of parapet, and no storey of such building shall measure less than ten feet from ceiling to floor." (2) Thus far no building more than ten stories high has been constructed. There is one building ten stories high, one nine stories, three eight stories, and fifteen six stories. The typical business block in Calgary, however, is not more than four or five stories in height.

There is a strong movement in Calgary toward the building of apartment houses. At the present time, according to the estimate of an official in the building inspector's office, there are approximately 400 such buildings, almost all of which have been constructed since 1909. In addition there are a number of living apartments in the upper floors of business blocks.

Credit Conditions

The change in the tax system in Calgary has had no discernible effect upon the sources of loanable funds for building. It was estimated by a

(1) Building Ordinances, By-law No. 1366, sec. 90(a).

(2) The superintendent referred to is the superintendent of the department of buildings.

prominent real-estate man that approximately ten per cent. of the building funds come from private sources, while life insurance companies and loan companies divide the remaining ninety per cent. between them in almost equal proportions, the insurance companies preferring the large loans. It is possible to borrow for building purposes from fifty per cent. to sixty per cent. of a conservative value of the land and the building.

Rents

In Calgary rents have until recently been extremely high. They have now declined sharply—in most cases at least twenty per cent.—but it is claimed that they are even yet above the normal level. Much of the building is attributed by the building inspector to the attraction of high rents offered to those who would build houses.

Congestion

Little information of value is available for judging the effect of the tax system upon congestion. The assessor testifies that the system has not operated to prevent a large number of people owning an extra lot for use as a garden. But the standard lot in Calgary is extremely narrow, twenty-five feet, and a house on a twenty-five foot lot may not exceed nineteen feet in width. It is evident that if anything but a very small house is desired, it is necessary to have more than one lot.

There are approximately 160,000 lots in the town. The total number of buildings is 13,296. Approximately one-third of these buildings cover more than one lot. Assuming that each of such buildings covers two lots, it would seem that only about eleven per cent. of the lots in the town are built upon.

If the population is accepted as 75,000, the density of population is 2.9 persons per acre.(1)

Home Ownership

According to the estimate of the assessor, approximately two-thirds of the houses in the city are occupied by the owners and one-third rented.

Non-Resident Ownership

No information is available as to whether non-resident ownership of land is increasing or decreasing. It is estimated by the assessor that at the present time fully one-half of the total number of lots are owned by non-residents and the great majority of the lots in the outlying subdivisions are so owned.

Speculation

In addition to the lots which are held for speculative purposes by non-residents, a large number of lots are so held by residents. Approximately one resident property owner in four owns an extra lot which he holds in

(1) Area, 25,920 acres.

the hope of a rise in value. There has been no movement thus far in the direction of the surrender of holdings because of the pressure of the tax.

Unemployment

Because of the fact that Calgary contains a considerable number of factories and industrial enterprises, it is in a better position to withstand the strain of depression than many other western Canadian cities. Because of its location, however, Calgary finds itself called upon to care for a number of transients who find the city an attractive stopping place before taking the trip across the mountains. Calgary seems to share with Winnipeg the distinction of being a centre for the transient unemployed. A considerable number of the inhabitants of Calgary are employed in the Canadian Pacific Railway shops located there and during a time of depression which affects railway traffic the employment of these persons is, of course, affected.

The city has made every effort to prevent unemployment. During the early part of 1914 there was no diminution in the amount of public works under construction. Indeed, the city appears to have begun some work which could well have been postponed in order to provide labor for men who needed it.

A municipal labor bureau has been established which attempts to find employment for those who desire it. Early in August there were registered at this bureau the names of 6,300 persons who desired work. Of this number approximately two-thirds were citizens of Calgary and one-half property owners. The services of the bureau were formerly free, but because of objection on the part of citizens to expending money for securing places for transients, fees varying from fifty cents to one dollar are now charged. It will be noticed that the registration statistics indicate that nearly five per cent. of the total population of the city have applied to the city to aid them in securing employment. If a calculation is made of the number of persons who are dependent upon these seekers for employment it will be seen that even in Calgary the unemployment situation is extremely serious. In the building trades conditions are especially deplorable. The oil boom seems to have brought at least temporary prosperity to the unions of printers and telegraphers, however. In August the painters' and musicians' unions reported employment conditions fair; but the following unions all reported conditions dull: cigarmakers, carpenters, iron workers, moulders, machinists, tilelayers, plasterers, laborers, and stone cutters.

It is evident that the city cannot continue to employ indefinitely the large number of men on public works which it does now employ and there seems to be little expectation among the citizens of Calgary that real estate and building activity will increase materially in the near future. In the opinion of the superintendent of the civic labor bureau there is little hope for a solution of the unemployment problem except through persuading the people to "go out on the land."

General Prosperity

Population

The population in Calgary is ascertained by a police census made from time to time by a house-to-house canvass. Such an enumeration, however, has not been made for several years. The estimates of the population of the city vary widely. The official estimate published in the municipal manual gives the population at present at 90,000, but in August, 1912, the mayor of the city estimated the population as between 75,000 and 80,000. Most of the citizens who were asked about the question agreed that 90,000 was an optimistic estimate and that the population probably did not exceed 85,000. The population for a number of years is given in the following table:

POPULATION(1)

1884	506	1909	35,000
1901	6,557	1910	50,000
1904	10,543	1911	55,000
1905	12,500	1912	70,000
1906	17,000	1913	85,000
1907	21,040	1914	90,000
1908	25,000		

(1) Municipal Manual, 1914, p. 225.

VOTERS' LIST

1907	6,278	1911	17,006
1908	6,972	1912	23,736
1909	8,996	1913	33,875
1910	11,504		

SCHOOL ENROLLMENT(a)

	Public Schools.		Public Schools.	Separate Schools.
1907.....	1,416	1911	4,578	.....
1908.....	2,277	1912	5,815	458
1909.....	2,791	1913	6,983	624
1910.....	3,376			

(a) The enrollment is for the month of October in each year. The data were supplied by the school officials.

BANK CLEARINGS(a)

1907		\$69,745,006.00
1908		64,815,227.00
1909		98,754,389.00
1910		150,677,031.00
1911		218,681,921.00
1912 {	Jan.	\$18,599,428.00
	Feb.	17,867,035.00
	Mar.	19,450,310.00
	Apr.	20,761,573.00
	May	24,105,424.00
	June	26,749,172.00
	July	22,618,299.00
	Aug.	22,486,030.00
	Sept.	24,137,286.00
	Oct.	25,744,742.00
	Nov.	27,200,145.00
	Dec.	25,772,859.00
		<hr/> 275,492,303.00

(a) The data was transcribed from the records of the clearing house.

1913	Jan.	\$21,680,990.00	
	Feb.	18,680,084.00	
	Mar.	18,072,245.00	
	Apr.	20,116,753.00	
	May	21,514,258.00	
	June	19,236,218.00	
	July	19,725,926.00	
	Aug.	18,692,392.00	
	Sept.	19,401,712.00	
	Oct.	25,752,671.00	
	Nov.	23,540,731.00	
	Dec.	21,468,948.00	
			247,882,928.00
1914	Jan.	16,293,215.00	
	Feb.	12,930,884.00	
	Mar.	14,431,284.00	
	Apr.	16,767,187.00	
	May	18,618,352.00	
	June	23,079,089.00	
	July	20,879,699.00	
			122,999,710.00

GROSS POSTAL REVENUE(1)

Year ending June 30, 1900.	\$11,611.45
" " " 1901.	13,974.40
" " " 1902.	16,447.07
" " " 1903.	20,976.40
" " " 1904.	28,636.46
" " " 1905.	39,981.03
" " " 1906.	53,408.73
Nine months ending March 31, 1907.	53,346.88
Year ending March 31, 1908.	90,941.05
" " " 1909.	99,070.84
" " " 1910.	125,749.04
" " " 1911.	158,513.00
" " " 1912.	229,036.79
" " " 1913.	295,084.73

(1) The data are from the reports of the Postmaster General.

The foregoing data indicate that the years of transition, 1909, 1911 and 1912, were years of great expansion, economically.

STATUS OF PUBLIC OPINION

Public opinion in Calgary is undoubtedly opposed to further reduction of the assessment on buildings just at present. Moreover there is a movement of some strength in favor of a return to a higher assessment. One very interesting point is the moderateness of the claims of the single taxers. As will be seen in their interviews they are very chary about assuming responsibility for present conditions in Calgary. Moreover their judgment of the trend of public sentiment is such that they consider this a very bad time for single-tax propaganda.

The cause of the single tax has had strong support in Calgary from two daily newspapers, *The Albertan* and the *Herald*.

Summaries of Interviews

A high municipal official:

A few years ago the sentiment in Calgary was very strong for the complete single tax; but recently there has been a change in public

opinion. If a vote were taken now the people would be found not to favor the scheme. Indeed, probably the present assessment of twenty-five per cent. of the value of improvements would be found too low to satisfy the desires of the people. It would really be better to tax buildings somewhat more than twenty-five per cent; forty per cent. would be more satisfactory. There is considerable sentiment in the city for a return to at least a seventy-five per cent. assessment of buildings to pay for certain city expenses like those occasioned by the police and fire departments. Thus far the system has had little effect upon building.

An alderman:

The present system is not a good one. A man should be taxed according to his ability to pay. It is an "outrage" that owners of business blocks escape. Land and buildings should both be assessed at two-thirds value. The movement toward the single tax in Calgary is due to the influence of men who own buildings. From a selfish point of view I should favor the system because I own buildings. The sources of loanable funds would be very slowly affected by the tax system. There has been no effect upon building operations. I do not know of a single case where a building was built because of the tax system. Moreover, I have watched the city from the time it had a population of only 4,000 and I am able to discern no effect at all upon speculation.

An alderman:

The present system seems to give general satisfaction except to a few ardent single taxers, who want the whole tax on buildings removed. There is no public sentiment of change either way at present. The citizens in general seem to be well satisfied.

An alderman:

There is no good reason why buildings should not be taxed in the same manner as land, and I believe that the citizens in general would favor an increase in the assessed value of buildings. There is certainly no possibility that the twenty-five per cent. of the value of buildings at present assessed will be removed. Buildings require fire and police protection and should pay for that protection. The system has not operated to stimulate building in Calgary. It was applied in too small doses here, however, to be a fair test. A low millage rate makes a powerful appeal to the average tax payer and this is the factor of importance in connection with the present situation.

An alderman:

Buildings should not be completely exempted from taxation at the present time. An assessment of twenty-five per cent. of the value of buildings is about just. Every building improves the value of the adjacent property and every building begins immediately to depreciate. Therefore tax concessions should be extended to buildings. The system operates to stimulate building. It has really overstimulated building in Calgary.

An alderman:

I do not believe in the entire single tax. A twenty-five per cent. assessment of buildings is about right. People on the whole are very well satisfied with this figure. Only a few radicals want the twenty-five per cent. stricken off. The real single taxers are very scarce.

There is little probability that the twenty-five per cent. will be removed for many years to come. Buildings should contribute something for police and fire protection, and there is no reason why big business blocks bringing in revenue should not make some such contribution. To place the entire load on land makes the burden too heavy for the man who owns vacant property. The system operates to stimulate building. I know of no particular cases, however, where buildings have been erected because of the system. I notice that people are not now "so anxious as they were to grab vacant property." Many of the property owners of Calgary are embarrassed now by the heavy land taxes.

An aldermen; a single taxer:

The sentiment in favor of the exemption of improvements in taxation is very strong in Alberta, particularly among the farmers. It has had the effect of stimulating building in Calgary. I, myself, know of a number of buildings which would not have been built if there had been full taxation of buildings. The main advantage of the system is that it has a discouraging effect upon speculation.

A city official:

Only the fact that real estate values are increasing enormously makes the single-tax system bearable at all. I bought a fifty-foot lot and built a bungalow. I bought also a vacant lot next to it to use for a yard and garden, hoping to keep it permanently as an open space. The heavy tax on land made it impossible for me to continue to hold this lot unimproved, and I find it necessary to sell.

I am a benefactor to the city for keeping that property open; but I must pay as great taxes as two citizens. Of two persons who have lots of equal value the wisest man is he who puts the biggest building on his piece of land. From this it would seem that the policy of the city was to encourage concentration of population. On the other hand, in its street-railway policy, the city seeks to disperse the population over a large area in order that the workingman may have enough land about his house for a yard and garden. Thus the city seems to be proceeding along diametrically opposed lines. The single tax is popular; any candidate for office who talks single tax is cheered to the echo.

A city official:

Buildings ought to be taxed for they are the direct cause of considerable outlay, and should in all justice contribute something in the way of taxes. Twenty-five per cent. is about right, and the assessment will stay at that figure for a little while longer at least. Whether it will go up or down then will depend largely upon economic conditions. If the present depression continues, the percentage of assessment is likely to go up. I have little sympathy for the general philosophy of the single tax.

A city official:

There has been a distinct reaction against the single tax, and further reductions in the assessment of buildings may not be expected very soon. It will not come until another big boom arrives. At present people seem very well satisfied with the twenty-five per cent. arrangement. The citizens of Calgary are not land confiscationists in any sense of the word. High tax rates do not appeal to them at all. The assessment of land values only would of course be very attractive from an administrative point of view.

A city official ; a single taxer :

The citizen's view on the question of the single tax depends largely upon whether he owns business blocks or land. I happen to own a large business block, but I favor land taxation on theoretical grounds. I believe that the single tax does not work out in favor of the owner of a big building, however, for the system operates to stimulate building, therefore introducing competition into the situation, which results in lower rents. There has been some agitation for the elimination of the twenty-five per cent. assessment on buildings, but the twenty-five per cent. will not be eliminated until better times come.

A leading banker :

The system has had no effect upon credit conditions and has not stimulated building. Indeed, so far as I can see, it has had no effect at all.

A Board of Trade official :

The single tax in Calgary has proved itself an excellent advertisement for the town. Practically every single-taxer in the United States has written me a letter asking me how the system is working. Business men who contemplate establishing themselves in Calgary always make careful inquiry concerning the tax system, and prospective settlers sometimes do. Few persons, however, are greatly influenced in their decision to make Calgary their home by the fact that we have the single tax.

A Board of Trade official :

The business men in general in Calgary are in favor of the system. The great majority of the members of the Board of Trade would favor a proposal to eliminate buildings from the assessment list and also one to eliminate assessments on stocks-in-trade. These are at present very low and should be wiped out altogether.

A newspaper editor ; a single taxer :

Public sentiment in Calgary is, on the whole, not favorable to the single tax. This is because the people are not really informed on the subject. Two years ago a movement was started to eliminate entirely the assessment of buildings ; but the single taxers themselves withdrew the proposal because it was apparent that it would be defeated. The effects in Calgary have not been clearly defined. The effect on building is not definite. I know of no building which has been constructed which would not have been built except for the encouragement of the tax system.

An editor ; a single taxer :

The overstatement of conditions in Vancouver by single-tax advocates has on the whole been injurious. They are apt to be over-enthusiastic and to think that if they can get a little concession it will "lift them to Heaven." It is hard to trace the influence of the system in Calgary. There seems to be no clearly discernible effects. Conditions are so shifting that it is impossible to draw many conclusions. At the present time the electors would defeat a proposal to eliminate entirely the assessment of buildings. It had been planned to carry this proposal to the people ; but the proposal was withdrawn by the single-taxers themselves because they felt that it would be defeated.

A lawyer ; a single taxer :

The examples of Edmonton and Vancouver had a great effect in Calgary, and the support of the *Albertan* was effective. There has

been no noticeable difference between conditions in Calgary before and after the change in the tax system. The effects have been very slight. The tax rate is bound to increase, for the value of land is decreasing, and it will be difficult to restrict expenditure. However, this will not result in a reversion to the old plan of taxation. At the present time public sentiment is not in favor of eliminating the final twenty-five per cent. of building assessment. But now times are hard and people are afraid of the possible effects of any change. Ultimately the last twenty-five per cent. will be taken off.

A dentist:

The community does not mind the system while the real estate market is active, but "the single tax is Hell in hard times."

A real estate man:

The encouragement to building operations claimed for the single tax is not needed. "There is no chance anyway that you will be able to persuade enough people to build on every lot in western Canada."

An official in an organization of farmers:

The principle of the single tax was adopted too late in Calgary. It was adopted at the height of the period of development and the slump came almost immediately. Some people say that the single tax caused the slump. It may have hastened it. I sometimes wonder whether it is really doing any good. It is supposed to have the effect of building up a city compactly, but it has had no such effect in Calgary. Its main influence thus far has been "to hurt a lot of poor beggars who were induced by real estate operators to buy outlying property at a crazy price." It is the man's own fault if he has chosen to indulge in this wild speculation, but that is cold comfort. The effect of the system upon building operations is not clear.

3. THE TOWNS

The tax situation in the small towns of Alberta is in some respects unique. Here the land tax was forced upon the communities by a higher authority. The wishes of the towns were not consulted by the Government when the change was made in the Town Act in 1912.(1) Indeed the wishes of many of the towns were entirely disregarded. In Saskatchewan, as has been seen,(2) the land tax is put into operation only when the municipalities desire it. Moreover, the provincial statute provides that the transition must be gradual. In the cities of Alberta and in the municipalities generally in British Columbia(3) the option as to whether the change shall be made rests, in actual practice, with the locality, although the municipalities must secure their ends through action by the legislature. The result is that the various communities have adopted the single tax at such times and to such degrees as seemed to them good. Under such an arrangement changes were, of course, made only when there was every indication that no ill effects would result. A debt of gratitude is due to the Government of Alberta for conducting an experiment on different lines. Instead of cautious steps toward the taxation of land values only, taken at the expressed desire of the municipalities, the legislature of Alberta in 1912, at one long leap, and upon its own initiative, placed all of the towns of the province upon a single-tax basis. In the experiences of these towns some interesting effects can be traced, effects which may be expected when a change is suddenly made which alters greatly the incidence of the tax burden in communities where economic conditions are approximately static.

The nature of the change made has already been described.(4) In seeking to learn the effects of the change, two chief methods of investigation were adopted. In the first place, a general letter was prepared and addressed to the secretary-treasurer of each town, enclosing a questionnaire. The replies of these municipal officials are analyzed and submitted herewith. Secondly, personal visits were made to two of the towns, Leduc and Ponoka. In addition, occasion was taken to inquire among public officials and politicians of both parties in Edmonton and Calgary as to the operation of the system in the towns. The list of questions enclosed in the letter to the town officials was as follows:

1. Did the imposition of the Town Act of 1912 make necessary an increase in your rate of taxation? If so, how much?
2. Did it make necessary over-assessment of land values?
3. Did it make it impossible for you to carry out contemplated improvements?

(1) *Cf. supra*, p. 79 *et seq.*

(2) *Cf. supra*, p. 36.

(3) *Cf. infra*, p. 168 *et seq.*

(4) *Supra*, p. 79 *et seq.*

4. Did it make it more difficult for you to meet obligations already assumed?
5. Has there been any effect upon the selling values of land traceable to the tax?
6. Has there been an increase in the lands forfeited for taxes?
7. Was the change popular at the time?
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?
9. Remarks.

In the pages which follow are given in full the replies received.(1)

(1) The answers are quoted exactly except that grammatical errors are eliminated.

	ATHABASCA.	BASSANO.	BLAIRMORE.	BROOKS.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	No.	No.	1911 mill rate was 11 mills. 1912 mill rate was 25 mills.	Yes. 15 mills.
2. Did it make necessary over-assessment of land values?	No.	No.	Yes.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	No.	Yes.	Yes.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	No.	Yes.	Yes.
5. Has there been any effect upon the selling values of land traceable to the tax?	Yes.	No.	Has practically stopped all sales.	Yes.
6. Has there been an increase of the lands forfeited for taxes?	No.	No.	Yes, a large increase.	Yes.
7. Was the change popular at the time?	?	Yes.	No.	Only amongst those who had improvements on land.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Generally speaking, favorable.	Favorable.	Most unfavorable.	Unfavorable in this district.
9. Remarks.	Athabasca only received its incorporation in September, 1911; it was therefore not affected by the provisions of the previous act.	Adopted single tax when first incorporated, even before system was made compulsory by Alberta legislature and so far there have been no complaints by rate payers or council as to merits of system. As a matter of fact, practically every citizen of the town of Bassano is a firm believer in single tax.		Single tax works out well in larger centres, but not in small places.
10. Signature.	S. R. FARQUHARSON, Secretary-Treasurer.	G. B. R. BOND, Secretary-Treasurer.	C. E. HISCOCKS, Secretary-Treasurer.	Jos. T. FAUNT, Secretary-Treasurer.

	CAMROSE.	CARDSTON.	CARMANGAY.	CASTOR.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	Yes.	Has charter of its own; does not come under act.	Yes. From 17 to 40 mills on the dollar.	Yes. Our tax rate was raised from 25 to 85 mills the first year.
2. Did it make necessary over-assessment of land values?	Not at the time, but has since.		Assessment as high as we thought land would stand.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	No, because had them financed.		No.	We had to close down on everything except absolute necessities.
4. Did it make it more difficult for you to meet obligations already assumed?	Yes.		No.	Considerably more.
5. Has there been any effect upon the selling values of land traceable to the tax?	No.		No.	There is no movement of real estate in this town whatever.
6. Has there been an increase of the lands forfeited for taxes?	None.		No.	Yes, people cannot afford to pay the high taxes we are compelled to impose.
7. Was the change popular at the time?	Yes.		No.	No, it was not, but we had no voice in the matter.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Favorable.		Don't think it is favorable.	So far as I can judge it is distinctly unfavorable.
9. Remarks.				
10. Signature.	J. D. SAUNDERS, Secretary-Treasurer.	A. J. HIGGS, Secretary-Treasurer.	A. F. WILSON, Secretary-Treasurer.	Unsigned.

CLARESHOLM.	COLEMAN.	CORONATION.	DIMSURY.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	Increase of 13 mills.	20 mills increase.	Yes, 100 per cent.
2. Did it make necessary over-assessment of land values?	Yes.	Yes, land has to be assessed about 1½ times its actual value.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	Yes.	Yes, we cannot afford to carry out any improvements; difficult to finance even small undertakings of that nature.	Yes.
4. Did it make it more difficult for you to meet obligations already assumed?	Yes.	Previous obligations were very small; but it is clear that had we incurred a debt to the amount which would have been reasonable for a town of this size, we could not possibly have met same.	Yes.
5. Has there been any effect upon the selling values of land traceable to the tax?	Yes.	Very little selling takes place in coal towns such as this, and I am therefore unable to make a definite statement on this point.	Decreased the value about 50 per cent.
6. Has there been an increase of the lands forfeited for taxes?	Yes.	No lands have been actually forfeited, but we have a larger number of taxpayers in arrears than formerly.	We have 68 parcels of land on our tax enforcement return, forfeited to the town with one year to redeem; that never happened before.
7. Was the change popular at the time?	Not with us.	Cannot say definitely, but it was clear soon after the system came into force that it was unfavorable to the working of small towns.	Do not know; as the people had no chance to express themselves, there was no vote taken.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Unfavorable.	A deputation of mayors of small municipalities recently waited upon the legislature protesting against system.	Personally I think the people in towns, if they had a chance, would vote it down, with a large majority.
9. Remarks.	<i>Cf. infra</i> , p. 140.	I understand that in large cities the single tax has proved fairly satisfactory, but all smaller municipalities are agreed that it is unworkable.	
10. Signature.	JOHN F. REYNOLDS, Secretary-Treasurer.	H. HOWES ROBERTS, Secretary-Treasurer.	B. A. ST. CLAIR, Secretary-Treasurer.

	EDSON.	FORT SASKATCHEWAN.	GLEICHEN.	GRANUM.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	1912 being first year of this town's incorporation, we are not in position to say whether an increase would have been necessitated. No.	Yes. A total increase of 20 mills on the dollar in the year 1912, but not so much since then.	Yes, 14 mills.	Yes, double.
2. Did it make necessary over-assessment of land values?	No.	Yes it did.	Yes.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	Yes.	No.	Yes.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	Yes.	Yes.	Yes.
5. Has there been any effect upon the selling values of land traceable to the tax?	No. The great advantage of land taxation only has been that property owners are encouraged to improve their holdings and are not penalized for so doing by tax on improvements. No tax enforcement proceedings had ever been taken prior to 1912; therefore comparison cannot be made. On the whole, yes.	Values not much lower. In some instances higher. Taxes on improved property are lower, on unimproved higher.	There has been no speculative purchasing of land since 1911 and only lots with dwellings have changed hands.	Yes.
6. Has there been an increase of the lands forfeited for taxes?	No tax enforcement proceedings had ever been taken prior to 1912; therefore comparison cannot be made. On the whole, yes.	Not very much.	Yes.	Yes.
7. Was the change popular at the time?	Very favorable.	Not popular outside the large cities in this Province of Alberta. Being looked upon more favorably as the matter is more understood by the people.	No.	No.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Very favorable.	Storekeepers are somewhat divided in opinion. Household-ers are assessed at about double value of their lots. Owners of unbuilt-on lots are allowing them to become forfeited. <i>Cf. infra</i> , p. 140.	Unfavorable.	Unfavorable.
9. Remarks.	The single tax has been especially satisfactory here, owing to our large area and number of subdivisions included in the town limits, making the imposition of a business tax unnecessary.	It has increased building operations in this town. The new order of things is gradually working for the general good, but we found it hit the small towns hard at first.	It has not been found to work well in the small towns. One chief objection has been met by an amendment to the act allowing a business tax to be imposed.	It has not been found to work well in the small towns. One chief objection has been met by an amendment to the act allowing a business tax to be imposed.
10. Signature.	A. R. GIBSON, Secretary-Treasurer.	THOS. J. STACEY, Secretary-Treasurer.	PETER MACLEAN, Secretary-Treasurer.	THOS. GILLESPIE, Secretary-Treasurer.

	GROUVED.	HARDISTY.	HIGH RIVER.	INNISFAIR.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	Was a village in 1912; consequently no big increase when incorporated as town; but in no way traceable to the change in system of taxation.	Yes, to the limit.	Yes, about 22 mills as it cut our assessment in half.	Yes, on account of reduced assessment.
2. Did it make necessary over-assessment of land values?	No, there is still plenty of margin. The difficulty is to get assessors to place land at actual selling price.	No.	No, though the assessment on some properties is more than same could be sold for just at present, we do not consider it excessive.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	Hampered us, and holding back improvement.	No.	No.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	Yes.	No.	No.
5. Has there been any effect upon the selling values of land traceable to the tax?	Do not know that there has been any effect in the market owing to the change. There has been no attempt by holders to unload.	Market practically stationary.	None.	No.
6. Has there been an increase of the lands forfeited for taxes?	There has never been a lot forfeited for taxes in the municipality.	There will be.	Not directly because of tax, but more because of hard times.	No.
7. Was the change popular at the time?	It was not understood and consequently met with some opposition. There is absolutely none now.	No, but is more popular to-day.	Yes.	Majority favorable.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Favorable.	Growing more favorable.	Largely favorable, though the working out of the system in small towns is somewhat difficult.	Favorable.
9. Remarks.		Difficulty is provision of funds to pay debentures; the accumulation of tax arrears and unsatisfactory state of tax enforcement on subdivision property of little or no value.	The system kills holding large tracts of land unimproved for speculation, as the land is taxed the same as improved lands in same localities.	In my opinion the change was too sudden. Should have been spread over a number of years.
10. Signature.	J. ERNEST COOK, Secretary-Treasurer.	ALEX. MURSELL, Secretary-Treasurer.	GEORGE E. MACK, Secretary-Treasurer.	W. JENSON, Secretary-Treasurer.

	IRVINE.	LACOMBE.	MACLEOD.	MAGRATH.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	No.	Yes. Almost double the rate.	No.	Yes. About one third.
2. Did it make necessary over-assessment of land values?	Yes.	Yes, to some extent.	Yes.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	No.	No.	Yes.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	No.	No.	Yes.
5. Has there been any effect upon the selling values of land traceable to the tax?	No.	Yes.	No.	Yes, when people have been thinking of buying and find out what taxes are they drop the proposition. Yes.
6. Has there been an increase of the lands forfeited for taxes?	No.	Yes.	No.	Yes.
7. Was the change popular at the time?	Yes.	I rather think it was.	No.	Yes.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Unfavorable.	Favorable to those owning and getting revenue from rents or from use of properties, but unfavorable from the speculator's point of view, his vacant lots being non-productive.	Unfavorable.	Unfavorable.
9. Remarks.	Irvine is a small town. The single tax would not, according to our idea, work out in a small town as well as it does in larger cities.			
10. Signature.	W. B. FULTON, Secretary-Treasurer.	E. J. TERT, Secretary-Treasurer.	E. FOASTER BROWN, Secretary-Treasurer.	ED. HODGES, Secretary-Treasurer.

	OKOROKE.	OLDS.	PINCHER CREEK.	RAYMOND.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	Nearly doubled same.	From 18 mills in 1911 to 50 mills in 1912; average rate 1906-11, 19 mills; rate 1913-14, 30 mills. 1913, school, 15; general, 15. 1914, school, 11; general, 19.	Yes. From 26 mills to 40 mills.	No.
2. Did it make necessary over-assessment of land values?	No.	No; but assessment was raised in 1913 as, up to that time, assessment as whole was considerably less than actual value.	It will possibly do so in a year or so.	No.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	There were no improvements contemplated.	No, we had nothing contemplated at the time but it cut our assessment 50 per cent.	No.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	No.	Yes, on account of the taxes not coming in.	No.
5. Has there been any effect upon the selling values of land traceable to the tax?	No.	Owners of vacant town lots seem to be anxious to sell at less than assessed value. No traceable effect on selling value of farm lands.	Yes, it is impossible to sell unimproved property.	None whatever.
6. Has there been an increase of the lands forfeited for taxes?	Yes.	No.	Up to the present we have never held a town sale, and only this year started the tax enforcement return.	No.
7. Was the change popular at the time?	No.	Public opinion was divided locally, but provincially, I think, new system was viewed with favor by all thoughtful citizens. It is felt by many that small towns are suffering unduly, but general opinion is that once old conditions adjust themselves to the new system, taxation will be reduced to normal proportions.	No. Yes.	Yes.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Mostly unfavorable for small towns.		I should say distinctly unfavorable.	Favorable.
9. Remarks.		We found it necessary to impose a business tax in 1913 based on 10 per cent. of the rental valuation of all business premises; this year the rate has been reduced to 6 per cent.		We are perfectly satisfied with the system.
10. Signature.	Unsigned.	J. W. JOHNSON, Secretary-Treasurer.	E. D. PLUNKETT, Secretary-Treasurer.	S. F. KIMBALL, Secretary-Treasurer.

	REDCLIFF.	ST. ALBERT.	STAVELY.	SETTLER.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	No.	No. Single tax adopted here voluntarily in 1911.	No.	Yes. Rate, 1911, 25 mills; rate, 1912, 58 mills.
2. Did it make necessary over-assessment of land values?	No.	No.	Yes, very decidedly.	Yes.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	No. Made it easier.	There were none in view of any consequence.	Yes, to a certain degree.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	No.	No.	Yes.
5. Has there been any effect upon the selling values of land traceable to the tax?	No.	No.	Yes, unimproved property.	Yes, on land without improvements.
6. Has there been an increase of the lands forfeited for taxes?	No.	No.	None have been forfeited yet.	Yes.
7. Was the change popular at the time?	See answer to question nine.	Yes.	Yes, with residents but not non-residents.	No.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Favorable.	Favorable.	Favorable.	Unfavorable.
9. Remarks.	Redcliff started with single tax system and is satisfied with same.		Tax enforcement procedure seems to be most effective.	Finding it impossible to continue under the single tax system we had a special act passed enabling us to assess "improvements" and "personalty."
10. Signature.	F. H. COURTNELL, Secretary-Treasurer.	RICH'D HOLDSWORTH, Secretary-Treasurer.	R. A. HOPKINS, Secretary-Treasurer.	LEWIS C. HARRY, Secretary-Treasurer.

STONY PLAIN.		TABER.	TOPFIELD.	VERMILION.
1. Did the imposition of the Town Act of 1912 make necessary an increase in rate of taxation? If so, how much?	Yes. Doubled the rate.	Yes, to a certain extent. Especially in a small municipality.	No.	Yes. From 25 mills to 50 mills.
2. Did it make necessary over-assessment of land values?	No.	It raised them to the limit in order to keep the mill rate reasonable.	No.	No.
3. Did it make it impossible for you to carry out contemplated improvements?	No.	No.	No.	No.
4. Did it make it more difficult for you to meet obligations already assumed?	No.	No.	No.	No.
5. Has there been any effect upon the selling values of land traceable to the tax?	Not so much sold.	Owing to financial conditions which have existed for past year or two it would not be fair to say that the single tax has been the means of keeping out speculators, but personally I believe it is the means of keeping the outsider from purchasing vacant lots, which in my opinion is a detriment to any town.	No.	Do not think so.
6. Has there been an increase of the lands forfeited for taxes?	Yes.	Not noticeable yet.	No.	No.
7. Was the change popular at the time?	Fairly so, especially with the business people.	No.	Have had single tax since 1909.	Viewed favorably.
8. Is the verdict of public sentiment to-day favorable or unfavorable to the system?	Not favorable.	About equally divided. By giving the municipalities greater powers in imposing licenses etc., on hotels and businesses, there would be created a revenue that would make it possible to keep down high values which have necessarily to be put on the land in order to raise the necessary funds to run a municipality. By doing this it would make the single tax more favorable.	Favorable.	Favorable.
9. Remarks.	It is good for a town which is booming, but when a town has sufficient buildings (stores and residences) it is not good.			This town has a population of 1,300 and replies are based accordingly.
10. Signature.	F. W. LUNDY, Secretary-Treasurer.	GEORGE C. MILLAR, Secretary-Treasurer.	J. M. McMULLEN, Secretary-Treasurer.	H. P. LONG, Secretary-Treasurer.

The following letter explains more fully the situation(1) in the town of Gleichen:

✓ In order that you may the better understand the situation in Gleichen with regard to single tax I shall give you a brief outline of the town's history. Towards the end of 1910 Gleichen was incorporated as a town. In 1911 the council embarked upon a water-works and sewage scheme. Thirty thousand dollars debentures were floated for this purpose, the first debenture payments falling due in May, 1912. Under the single tax the whole assessment was revised and, in order that the rate should not be too high, in most cases the assessment was doubled. Even with a twenty-nine mill rate in 1912 it was found there was a considerable deficit and permission was granted in 1913 by the provincial legislature to levy a business tax at the rate of ten per cent. of the rental value. Since then we have been able to meet our obligations, but it has been found absolutely impossible to carry out some badly needed improvements.

Each year, too, sees us left with an increasing number of lots, for which there is no immediate sale. The town is over thirty years old, the growth has been slow but natural, and since 1911 there has been no noticeable growth, nor is there likely to be, unless some natural resource, as yet undiscovered, should bring a further period of prosperity to the town.

With no growth there is no demand for lots and with an increasing number on our hands from which there is no revenue, it is probable that there will be a further increase in the mill rate in 1915 without a corresponding increase in the town utilities.

Yours truly,

(Signed) PETER MACLEAN,
Secretary-Treasurer.

A supplementary statement was also received from the town of Claresholm:(2)

In all fairness to the system and its advocates I believe it would be an excellent plan if adopted at the beginning or time of incorporation of a town, city or municipality. The trouble we have found is due to the fact that we, and I believe this to be true of ninety per cent. of the towns incorporated at the time of the adoption of the single tax system, in order to improve to the fullest extent our municipal conditions, had already exerted our borrowing capacity to the fullest extent based on our assessed valuation of both land and improvements. In smaller towns where the improvements in the way of buildings, *etc.*, are equal in value to fifty per cent. and more of the land values, the sudden cancellation of the improvement asset is bound to work a hardship for some time to come; it is bound to mean a considerable increase in the rate on the land. Had the system come into effect before the town debt had been incurred it would have been welcomed as I believe that it is very fair to all actual citizens and that it prohibits speculation.

Yours truly,

(Signed) JOHN F. REYNOLDS,
Secretary-Treasurer.

(1) Cf. *supra*, p. 134.

(2) Cf. *supra*, p. 133.

A request for information was sent to each of the forty-six towns in the province.(1) Eight towns failed to reply.(2) Of the thirty-eight towns from which replies were received, nine cannot be used for the purpose of studying the effects of the 1912 change in the Town Act. Cardston operates under a special charter. In Athabasca, Bassano, Coronation, Edson, Grouard, Redcliff, St. Albert and Tofield, the 1912 act brought no change in the tax system either because the town was not yet incorporated or because the town, by special arrangement, had already gone over to the single-tax basis. The returns from twenty-nine towns are therefore available for analysis.

Increases in tax rates are reported from almost every town, only four out of the twenty-nine finding it unnecessary to raise their rates.(3) According to specific statements received, nine of the towns had to increase their rates one hundred per cent. or more. The rate in Olds jumped from eighteen to fifty mills, in Stettler from twenty-five to fifty-eight mills, and in Castor from twenty-five to eighty-five mills! This last rate (8.5 per cent.), seems to mark the high-water mark in the province.

Overassessment was also resorted to very generally. Two of the four towns which did not increase their tax rates, Macleod and Stavely, found it necessary to resort to overassessment of land values to make ends meet. In all, nineteen towns, according to the replies received, overassessed lands for purposes of taxation.(4) Seventeen of these not only overassessed but also increased their rates of taxation.

Of the twenty-nine towns under consideration, ten reported that the imposition of the system made it impossible for them to carry out contemplated improvements,(5) and fifteen testified that under the new system difficulties were encountered in meeting obligations already assumed.(6)

Fourteen towns reported that there had been an effect on land values, traceable to the change in the tax system.(7) Blairmore reported that it had practically stopped all sales, and Didsbury, that it had resulted in a depreciation of fifty per cent. Five towns sent indefinite or non-committal replies.(8)

In fourteen towns there has been an increase in the lands surrendered for taxes.(9)

(1) No letters were sent to Leduc and Ponoka as these towns had been visited.

(2) Bow Island, Daysland, Diamond City, Morinville, Nanton, Strathmore, Vegreville and Wainwright were the towns from which no reply was received.

(3) The four towns were Irvine, Macleod, Raymond and Stavely.

(4) Nine towns reported that no overassessment had resulted. The reply from Taber is indefinite.

(5) Blairmore, Brooks, Castor, Claresholm, Coleman, Didsbury, Fort Saskatchewan, Granum, Hardisty and Magrath.

(6) Blairmore, Brooks, Camrose, Castor, Claresholm, Didsbury, Fort Saskatchewan, Gleichen, Granum, Hardisty, Leduc, Magrath, Pincher Creek, Ponoka and Stettler.

(7) Blairmore, Brooks, Castor, Claresholm, Didsbury, Granum, Lacombe, Leduc, Magrath, Olds, Pincher Creek, Ponoka, Stavely, Taber.

(8) Coleman, Fort Saskatchewan, Gleichen, Hardisty and Stony Plain.

(9) Blairmore, Brooks, Castor, Claresholm, Didsbury, Fort Saskatchewan, Gleichen, Granum, High River, Lacombe, Magrath, Okotoks, Stettler and Stony Plain.

✓ Fourteen towns reported that the change was unpopular when made in 1912. Nine reported the measure popular.(1) Six non-committal or indefinite replies were received.(2) In seventeen towns the sentiment is at present unfavorable to the new system. In only six towns out of the twenty-nine are the people pleased with the system.(3) Three towns, Irvine, Magrath and Stony Plain, report that although the measure was popular at the time of its inauguration, the verdict of public opinion is now against it.

In many of the towns which report acute distress, peculiar circumstances were present which go far to explain their plight. In some towns much land was exempt from taxation because it was part of the grant to the Canadian Pacific Railway. Other towns had undertaken ambitious improvement projects, financed by borrowed capital, which made the tax load heavier than could readily be borne by the land owners.

✓ In Stettler it was found advisable to permit a return to the old system of taxing improvements and personal property. A special act was passed by the legislature allowing this to be done. In other places, even with tax rates almost unbelievably high, various irregular methods had to be adopted in order to escape bankruptcy. Leduc levied an illegal special rate. Over-assessment of land, as has been seen, became a common phenomenon. According to information given in a series of articles by Mr. Harold Moore for the *Edmonton Journal*, published during November and December, 1912, the town of Irvine illegally supplemented the tax on land with one on two-thirds of the value of improvements. He enumerates eight towns which sought to escape from their predicament by imposing a business tax under the authority granted them by the town act to license certain specified businesses. This recourse was destroyed, however, by a decision of the court declaring it illegal.(4)

The permission granted by the Government to impose temporarily a business tax(5) is accepted as in itself an admission of the friction developed by the attempt to change quickly to the land-tax basis.

One town which had an exceedingly interesting experience was Castor. Attention was first directed to conditions there by individuals in Calgary, who had been owners of a large amount of land in Castor. When the tax rate increased from twenty-five to eighty-five mills in 1912, these men decided that holding land for speculative purposes in Castor was not worth while. They neglected to pay their taxes on the supposition that the town

(1) Camrose, High River, Innisfail, Irvine, Lacombe, Magrath, Raymond, Stony Plain and Vermilion.

(2) Brooks, Coleman, Didsbury, Fort Saskatchewan, Olds and Stavely.

(3) Camrose, High River, Innisfail, Raymond, Stavely and Vermilion. Non-committal or indefinite replies were received from Fort Saskatchewan, Gleichen, Hardisty, Lacombe and Olds.

(4) Mr. Moore's articles were primarily political in character, being planned as an attack upon the policy of the Liberal Government. However, in connection with this investigation, much was found to corroborate and nothing to contradict Mr. Moore's statements.

(5) Cf. *supra*, p. 80.

officials would attempt to recoup by confiscating their land. Instead they threatened to sell the furnishings in one man's Calgary office unless he paid the taxes on his Castor lots. He therefore paid his taxes, which in this case amounted to paying a penalty because he had once owned something of value in the town. Castor furnishes excellent practical proof that speculation in land can be destroyed by taxation. Lands were surrendered for taxes in large numbers. Mr. Hugh Smith, formerly mayor of the town, exhibited a map of a subdivision which he had once owned, with the lots checked which had been taken over by the city for taxes. Checks appeared on nine out of one block of forty lots, on five out of another block of fourteen and on seven out of another block of sixteen. Another individual in Calgary, who was formerly a large land owner in Castor, testified that the taxes were too high to be borne; he had not paid the taxes on what land still remained in his name and he did not intend to do so.

The replies received to the letter of inquiry obviously vary in value. Some are plainly mere personal opinions. In other cases the list of questions was referred to the town council and the answers represent very accurately the general sentiment in the towns. From the large proportion of unfavorable replies it must be concluded that the imposition of the land tax under conditions such as exist in the small towns of Alberta is apt to be accompanied by unhappy results. What these conditions are may be best understood, perhaps, through a detailed analysis of the situation in two typical towns, Ponoka and Leduc.

(a) LEDUC

Leduc is a town of between 600 and 700 people, lying about twenty miles south of Edmonton. There is a main street three blocks long, fringed with squatty frame store buildings, one and two stories in height. There is a livery stable, two hotels, a lumber yard, a harness shop, a few hardware, clothing and grocery stores and the inevitable complement of saloons. Plank sidewalks dart at various angles along the unpaved street from which the wind occasionally sweeps a blinding cloud of dust. The most striking architectural feature of the town is a three-story addition to one of the hotels, constructed of sheet iron. The town has no public water supply, no pavements, no sewers, no light—indeed scarcely any public improvements at all except the dilapidated plank sidewalks. Arrangements, however, were being made in the summer of 1914 for the installation of electric light and better sidewalks. The town is purely a center for a rich farming community and has not grown perceptibly in a half dozen years.

In 1912 Leduc was put upon a single-tax basis by the amendment to the Town Act.⁽¹⁾ The town was not heavily in debt. Fifteen thousand dollars had been borrowed in 1906 for providing fire protection and a park. About two years later \$3,500 had been borrowed for school purposes. Part of these loans had been repaid by 1912. In 1911 a new school building

(1) Cf. *supra*, p. 79.

was needed and \$19,000 was borrowed to pay for its construction. The total outstanding indebtedness of the town and school district in 1912 was approximately \$35,000.(1)

Land, improvements and personal property had been assessed for taxation and, with only reasonable sums to be raised, high tax rates had been unnecessary. Fourteen mills was the rate in 1907 and the twenty-mill rate levied in 1911 was a high-water mark. Land was assessed at its full cash value and buildings and improvements at approximately two-thirds of their value. In 1911 the tax base for the school district, which included the town and some territory lying outside the town limits, was \$443,726. Nearly sixty per cent. of this base was made up of the personal property and improvements. The tax base for the town alone was \$363,715.

The action of the provincial legislature in 1912 restricting the towns of Alberta to the land tax, raised a serious problem in Leduc. The assessed value of land within the corporation limits amounted to only \$179,290. If twenty mills, the maximum rate permitted by law for general purposes, were levied, the resulting revenue would not be sufficient to meet necessary expenses. It was decided to evade this limitation by levying, in addition to a rate for general purposes, a special rate for local improvements. This special rate of six mills, which was levied over and above the general rate of seventeen mills, was found to have no legal justification and was abandoned in 1913. The total rate levied in 1912 was forty-two mills, as compared with the twenty mills levied in 1911, when other property as well as land was taxed.

The problem of Leduc's tax rate was complicated in 1913 by a provincial law which stipulated that lands lying outside the limits of a town could not be taxed for school purposes at a rate greater than eight mills.(2) The school district which includes Leduc has committed itself to a policy which involves the expenditure of more money than can be raised by a tax of eight mills on all the land in the school district. The result is that land in the school district outside the town limits is taxed eight mills for school purposes while the land in the town is taxed at a higher rate—twenty-two mills in 1913. Because of this the tax rate for the town increased that year to forty-nine mills. The town officials have no control over the finances of the school district. The school authorities may ask that any sum they choose be raised for school purposes and the town officials have no power to refuse. They must levy the necessary rate to produce the sum asked for. In 1914 the school board asked for a sum greater by more than a thousand dollars than that asked for in 1913. That this condition threatens disaster to the town's finances is apparent.

(1) In 1914 debentures to the amount of approximately \$21,000 were authorized for an electric lighting system, for sidewalks and crossings and for public works.

(2) Cf. *supra*, p. 81.

The following table gives the tax rates in Leduc from 1907 to 1913:

TAX RATES (Mills)					
	General.	Debenture.	School.	Total.	
1907.....	8.5	.5	5.	14.	
1908.....	7.5	4.	6.	17.5	
1909.....	7.5	4.	7.	18.5	
1910.....	6.	4.	5.5	15.5	
1911.....	8.5	3.5	8.	20.	
<div style="text-align: center;"><div style="display: flex; align-items: center; justify-content: center;"><div style="border-top: 1px solid black; width: 100px; height: 1px; margin-bottom: 2px;"></div><div style="text-align: center;">Local Im-</div></div><div style="display: flex; align-items: center; justify-content: center;"><div style="border-top: 1px solid black; width: 100px; height: 1px; margin-bottom: 2px;"></div><div style="text-align: center;">General. improvement.</div></div></div>					
1912.....	17.	6.	7.	12.	42.
1913.....	20.00	7.	22. (a)	49.	

(a) This rate applied to the land within the corporate limits. A rate of eight mills was levied on other lands in the school district.

The council has decided to resort to frontage taxes to pay for some improvements which are greatly needed, "as the only possible way," the mayor explains, "of keeping the rate within bounds."

The assessed value of the land within the town limits in 1911 is not available.(1) The corresponding figure for the entire school district was \$193,476. Town lands were valued at \$179,290 in 1912. How much of an increase is represented by these figures it is impossible to state. Each year since 1912 the assessment has been increased: in 1913, approximately \$27,000 was added; in 1914, the assessor estimates, \$10,000 was added. These additions were made in spite of the fact that the town has had no perceptible growth, which would seem to indicate a degree of over-valuation. The tables which follow show the assessed values from 1907 to date:

ASSESSED VALUES (Tax Base)

	The Town.	The School District Including the Town.
1907.....	\$344,042	\$399,823
1908.....	344,042	394,050
1909.....	346,557	407,950
1910.....	346,105	422,281
1911.....	363,715	443,726
1912.....	179,290	357,020
1913.....	206,455	348,551
1914.....	216,455(a)	.....

(a) Estimated by the assessor.

The evidence of the relationship of assessed values to market values in Leduc is conflicting and from some of the data it is difficult to determine whether the discrepancies which apparently exist are due to the fact that the assessments have been raised unjustifiably or the land values have shrunk away from the assessments. Mayor Norris believes that the assessment is not very high and cites the example of the price paid for the lot opposite the Leland Hotel, which seems to be the only real estate trans-

(1) The assessment rolls for 1911 had disappeared and a thorough search of the assessor's office failed to reveal them.

action in the town in several years, where fifty-two dollars per foot front was paid for the land which was assessed at forty dollars per foot front.

Mr. C. W. Gaetz and Mr. D. M. Colquhoun, both members of the council and owners of property facing on the main street, testify that they do not consider their property overassessed.

The assessor himself states, however, that in his opinion "not many lots would bring what they are assessed for." He points out, moreover, that there is a distinct limit below which it is scarcely worth while to value a lot. "If a lot is not worth \$150," he declares, "it is not worth anything."

Mr. R. T. Telford, one of the heaviest land-owners in the town and the man who originally homesteaded the quarter section which now contains the business street, expressed great willingness to sell the lots which he owns at a price of one-half the valuation of the assessor.

The proprietor of the lumber yard, Alderman J. F. Stiles, has a frontage of one hundred and fifty feet on the main street which is valued for taxation at forty dollars per foot, or \$6,000. He states that if he were to sell, he could not get more than \$3,000 for his land. "Moreover," he said, "there would not be many chasing me to give me that for it."

Ex-Mayor Ruddy states that he knows of three lots on the main street, assessed at \$1,000 a piece, whose owner is "breaking his neck to sell them at \$500 apiece." Land all over the town, he says, is assessed for much more than the amount for which it will sell. Outlying lots, however, are not so greatly overvalued as are the business lots.

This statement that business lots are relatively overassessed is interesting when taken in conjunction with the testimony of Alderman Stiles. He states that the business men know that their land is overassessed but they do not object because they realize that the money must be secured and that raising it on this basis involves no injustice among individual business men. Almost every business man along the main street seems to be a member of the council. From the vantage point of the bench in front of the livery stable, the various aldermen were pointed out as they emerged from their shop doors. A shout from the aldermanic proprietor of the livery stable proved a sufficient summons to secure a fairly full council meeting upon a moment's notice. The business men seem to feel that they would normally be benefited by the change in the tax system and they are willing to adopt any measure which is fair among themselves to help the town in its financial difficulties. All the lots along the main street are assessed at a uniform front-foot rate. Most of the business men own the premises they occupy. If the land is overvalued as Mr. Telford and Mr. Stiles believe, it is evident that the business men submit, in common with the other land-owners, to a tax of approximately seven and one-half per cent. (49.5 mills on a valuation of perhaps one and one-half times the selling value of the land) on the value of the land they own and that in addition they submit to what is virtually a business tax of two and one-half per cent. on the same value apportioned on the basis of the real estate used

in the carrying on of their business. This spirit of coöperation among the business men of Leduc doubtless prevents the situation from becoming much more acute than it is.

The system has had a depressing effect upon land values. "We are really confiscating the land values in this town," declares Ex-Mayor Ruddy. "Under present conditions you can hardly give a man a lot." The pressure is not great enough, however, to cause the owners to surrender their holdings. No lands have thus far been given up for taxes.

Only one building has been erected in the town since the change in the tax system. It was stated by Mayor Norris that this building was constructed as a result of the heavy tax on the land. When the owner of the building, Ex-Mayor Ruddy, was asked about the motive which led him to improve his lots, he declared that it was the merest coincidence that his building was erected soon after the change in the tax system. "I had made all my plans for that building before anyone knew that a change was to be made in the tax system, and the heavier land tax had absolutely no effect upon my decision," was his statement.

As might be supposed, the land-tax finds no enthusiastic supporters in Leduc. But on the other hand, there is a surprising lack of violent opposition. The citizens point out that it was not introduced because they wanted it, and they do not hesitate to ascribe certain ill effects to it. But general opinion seems to be that the best should be made of a bad situation. The difficulties which have been incurred are blamed usually upon the size of the town. A number of citizens pointed out that there was really little land value there. The factor of rapid growth which has been present in the cities and which has not been present in Leduc seems not to have recommended itself as part of the explanation of the town's difficulties.

It appears then that when Leduc, a typical country town, ill-equipped with local improvements and not unduly burdened by debts, was placed upon a land-tax basis in 1912, the following interesting changes resulted. It was found necessary to levy an illegally high tax rate, the law being evaded by imposing an unauthorized rate of six mills for local improvements. The total tax rate was more than doubled. The assessed value of lands has been increased each year since 1912 in spite of the fact that there has been no increase in real values. Indeed the weight of the evidence seems to indicate a positive decrease. This has resulted in an over-assessment of land values. Land on the business street seems to be more over-assessed than other land. Evidently the assessment of land values is arbitrary and is used primarily to gauge the ability and willingness of the various classes in the community to contribute to the support of the town government. The business men seem to consider their sites as a type of franchise, a right to do business. There is not room for many stores in the place. Such stores as are there are willing to pay a special tax. The willingness of the business men to submit to special taxation is the factor which saves the town from a very serious financial situation.

(b) PONOKA

The town of Ponoka lies 64 miles south of Edmonton. It has no industries and finds its sole economic reason for existence as a distributing and marketing center. The soil in the surrounding country is, on the whole, very rich, although some of it is rather sandy. The region is devoted to mixed farming and the farmers are doing well. In Ponoka is located the provincial insane asylum which accommodates several hundred patients. But this is not of much significance to the town economically for most of the supplies are purchased from outside sources. Of course the asylum is to some extent a drawback to the growth of the town.

Ponoka has approximately six hundred inhabitants. The population has been stationary for the past five years and there seems to be nothing to indicate that it will ever be much larger than it is at present. The citizens themselves believe that the population will never exceed twelve to fifteen hundred. To one acquainted with western optimism this evidence will be accepted as almost conclusive of the lack of future promise. Of course conditions would be entirely changed if oil or natural gas should be found nearby and there are some indications that they may be. But from the evidence of conditions now present, Ponoka will probably remain for years to come as static as it has been for the past five years.

Embraced within the town's limits is one square mile of land—640 acres. Of this, 508 acres are unsubdivided, being merely farm land, owned by the Hudson's Bay Company. The remaining 132 acres are divided into lots, the ownership of which is divided among the Hudson's Bay Company, the Edmonton and Calgary Land Company, and various private owners.

The town presents a physical appearance distinctly more impressive than most places of the same size in this region. Many of its sidewalks are of concrete instead of the usual plank variety; some of its streets are well graded and neatly graveled. A pleasant little stream runs within a hundred yards of the post-office. The streets are lighted with electricity supplied, through a special arrangement with the provincial government, from the power house at the insane asylum. There are no sewers, although these are particularly needed here to care for the rainfall, which at some seasons, according to one citizen, nearly "drowns the town out." The municipality owns no system of water supply. A good school building was erected about eleven years ago. In 1912 an addition was found to be necessary and was constructed. The fire engine and the municipal offices are housed in a substantial building which was paid for from the proceeds of a debenture sale in 1906 amounting to \$7,200, the beginning of the town's bonded debt. One thousand dollars was borrowed the same year for fire apparatus. The construction of a feed wire for bringing electric current from the insane asylum to the town in 1910 was the occasion for the issuance of \$6,000 worth of debentures. The school district, which includes the

town and a considerable area surrounding it, had, by the end of 1913, obligated itself through bond sales to the payment of the sum of \$3,150.

Disregarding the school debt, \$14,200 was the debenture indebtedness which had been incurred before 1911.(1) The town had at this time a total assessed valuation of \$358,502.50. The debt, therefore, amounted to but four per cent. of the assessed valuation. Moreover, this assessment was conservative. Land, buildings and personal property were taxable. Land in 1911 was listed at \$139,733. Buildings and improvements, greatly undervalued, added a sum to the assessment roll almost equal to that of land—\$135,630. Personal property which, the assessor says, "was cut to the bone," was listed to the amount of \$83,140. That part of the school district which lay outside of the limits of the municipality, liable for school taxes only, contained taxable property to the amount of \$216,791.

The tax rate in 1911 was only eighteen mills, eleven for general and seven for school purposes. This rate was too low to yield the necessary revenue and the fiscal year ended with unpaid claims amounting to approximately six thousand dollars outstanding against the town.(2) Consequently Ponoka was in a peculiarly bad situation when, in 1912, the single tax was introduced.

Early in 1912 the assessment was made in the usual manner, land, buildings and personal property being listed for taxation. Assessment notices were sent to the owners of taxable property. In February, a communication was received from the provincial authorities conveying the information that the town act had been so amended as to require that all taxes for 1912 should be levied on land values only.(3)

The council met to consider the situation. To raise the necessary revenue from a land tax was found to involve either an overvaluation of the land or an illegally high rate. The council chose the former course.(4)

The assessed value of land which had been determined for 1912 was \$152,057, an increase of about \$22,000 over the 1911 figure. The members of the council found that the assessment would have to be subjected to a radical revision upward in order to produce the necessary revenue for general purposes with a tax rate of twenty mills, the limit under the town act as it then stood. They proceeded to make such a revision with the result that the total assessed value of land when they had finished was \$313,455, more than double the figure with which they began.

The assessed values were obviously very much in excess of the real values and appeals to the court of revision were numerous. The Hudson's

(1) This amount had been increased to \$15,735.45 by the end of 1913.

(2) It is claimed by some of the citizens of the town that the Conservative council, desiring to embarrass the Liberal Provincial Government in its attempt to introduce the single tax, deliberately struck an insufficient tax rate in 1911 in order that fiscal difficulties might develop in 1912. It is not easy to understand, however, how the town council could have foretold the action of the provincial authorities in establishing the single tax, for it is claimed that the action when taken came very unexpectedly.

(3) Cf. *supra*, p. 79.

(4) It was stated by a prominent citizen of Ponoka that this course was adopted upon the suggestion of a provincial official.

Bay Company protested against an increase in its assessment from \$75 to \$200 per acre on its unsubdivided land. The judge ordered a reduction to \$125. Reductions were granted in large numbers, but action was taken only in cases where appeals had been filed. No complete new assessment was ordered and no general equalization attempted. This resulted in gross inequalities. Some property owners who did not appeal were taxed on valuations two or three times as great as their neighbors. In one case where three lots lay side by side the council had raised the assessment to \$275 on each lot. The owners of two of the lots appealed and secured a reduction in their assessment to \$100. The owner of the third lot, which lay between the other two, was taxed on the basis of the council's valuation and paid nearly three times as much as the other lots which were of exactly the same real value.⁽¹⁾ Cases of this type were frequent.

When the court had completed its hearing of appeals, the council's total assessment had been reduced from \$313,455 to \$229,935. This figure constituted the tax base in 1912. The rate levied was forty-five and one-half mills, made up as follows: the maximum legal rate for general purposes, twenty mills, plus six and one-half mills for general debentures, plus seventeen mills for school purposes and two mills for school debentures. This amounts to a tax of approximately four and one-half per cent. upon a value at least fifty per cent. above the selling value of the land, or what the selling value of the land had been before the tax was imposed.

The change in the town act made in 1912 which legalized over-assessment by directing that no change should be made in assessed values upon appeal, provided only the assessments were in substantial accord with those of the neighboring lands, enabled Ponoka to raise the land assessment still further in 1913. According to Assessor Thomas Hutchison, "If it were not for this clause, the town would have to shut up shop." The assessed values of lands were increased nearly \$73,000, to \$302,874. In 1914 practically no change was made in the assessment; lands were valued at \$302,849. The increased assessment made possible a reduction of the tax rate in 1912 to thirty mills. In 1914 it was raised to thirty-four mills.

The following tables will aid in making clear the situation in Ponoka:

ASSESSED VALUES OF TAXABLE PROPERTY

A. In the Town

	Land.	Buildings.	Personal Property.	Total.
1909.....	.....	.....	.....	\$287,035
1910.....	.....	.....	.....	294,610
1911.....	139,733	135,630	83,140	358,503
1912.....	229,935	.....	.....	229,935
1913.....	302,874	.....	.....	302,874
1914.....	302,849	.....	.....	302,849

(1) Cited in article of Mr. Harold Moore. *Cf. supra*, p. 142, note 4.

B. In That Part of Ponoka School District Which Lies Outside the Corporation Limits

	Land.	Improvements.	Personal Property.	Total.
1909.....		.....	.....	\$172,222
1910.....		.....	.....	184,179
1911.....		208,416	8,375	216,791
1912.....	\$130,017	.....	.....	130,017
1913.....	237,930	.....	.....	237,930
1914.....	236,654	.....	.....	236,654

TAX RATES
(Mills)

	Municipal.		School.		Total.
	General.	Debenture.	General.	Debenture.	
1909	17.5	.....	7.5	.....	25.
1910	13.5	.....	6.5	.....	20.
1911	11.	.....	7.	.....	18.
1912(a)	20.	6.5	17.	2.	45.5
1913	15.	5.	8.	2.	30.
1914	24.		8.	2.	34.

(a) Tax on land values went into effect in 1912.

RECEIPTS FROM TAXATION

	Municipal.		School (a).		Total.
	General.	Debenture.	General.	Debenture.	
1911.....	\$1,104 50	.....	\$2,100 77	.....	\$3,205 27
1912.....	4,436 39	\$583 62	3,862 02	\$1,255 40	10,137 43
1913.....	3,694 42(b)	816 12	3,841 85(b)	688 49	9,040 88

(a) The property lying within the town limits is subject to both school and municipal rates: that lying outside, to the school rate only. The figures given above include the receipts from all the rates levied, both within and without the town limits. The municipality acts merely as the agent for the school board in collecting the tax.

(b) Includes arrears paid into the treasury.

RECEIPTS AND EXPENDITURES

	Receipts.	Expenditures.	Balance.
1911	\$7,345 71	\$4,745 05	\$2,600 66
1912	15,865 92(a)	14,879 76	3,586 82
1913	19,784 43(a)	19,739 60	3,631 65

(a) Excludes the balance from the preceding year.

RECEIPTS FOR THE YEAR ENDING DECEMBER 31, 1913

Cash on Hand, January 1, 1913.....		\$3,586 82
Taxation—		
Current Taxes, Municipal.....	\$3,265 30	
Current Taxes, School.....	3,442 60	
Arrears, Municipal	1,245 24	
Arrears, School	1,087 74	
		9,040 88
Special Assessments—		
Frontage Tax		201 37
Business Enterprises—		
Sale of Electric Current.....		5,472 49
Loans—		
School Debenture		3,957 43
Subvention—		
Provincial Government for Drainage.....		382 00
Licenses—		
Liquor	400 00	
Other	95 00	
		495 00
Miscellaneous		235 26
		<hr/> \$23,371 25

As will be seen from the table of receipts, the tax on land is the only source of revenue of any consequence utilized for meeting ordinary expenses. The town's licensing powers were not employed to the full extent of their revenue-producing power even before 1914, when they were seriously abridged by the province. Moreover, Ponoka did not petition for permission to levy a business tax under the relief act passed by the provincial legislature in 1913. It is claimed by some of the citizens that the council at that time was made up of business men who were not eager to increase their own tax burdens by adding a business tax. In 1914 the council did request that it be allowed to tax businesses, but the request was refused by the provincial authorities on the ground that a business tax was unnecessary in view of the fact that the legal limitation on the tax rate had been removed!

There seems to be no doubt but that the business men of Ponoka have profited under the single tax at the expense of the owners of residence property. All land is over-assessed, but business lots seem not to be so much over-assessed as residence lots. While the average business lot is assessed at about \$1,500, very few would be offered for sale at half this price. On the other hand the average residence lot is assessed at \$300 and will not sell for more than \$100. The assessor testifies that "the single tax is all right for the banks and business men." One bank, for instance, was taxed on approximately \$2,000 under the new system as compared with \$15,000 under the old.(1)

It is frankly admitted both by officials and private citizens that over-assessment exists. The assessor points out that, as a matter of fact, the land values in the town have not increased at all in the last five years. Yet

(1) That the effects of the imposition of the plan can be greatly affected by the attitude of the business men is strikingly shown by a comparison of Ponoka with Leduc. Cf. *supra*, pp. 146-147.

the tax rolls show a real estate assessment to-day of nearly three times the assessment in 1911. Assessor Hutchison testifies that a number of the lots are assessed at \$700 which could not be sold for \$200. The Hudson's Bay Company has subdivided lots which are for sale at \$100 a piece; they are assessed at \$275 each. Its unsubdivided tract is assessed at \$125 an acre. A small part of it was actually sold in the summer of 1914 at \$75 an acre, a high price, according to local opinion. One citizen stated that he would gladly accept \$400 for his lot, which is assessed at \$1,300.

All agree that the change to the land tax has had a depressing effect upon real estate activity and values. A large property owner claims that the tax has almost completely destroyed the value of his investments in land. "Nobody will buy a lot under present conditions," he complains. Mayor Durkin states that it is much more difficult to sell property than it was before and that sales are made only when the land is to be put to actual use.

Ponoka, on a land tax basis, is evidently not an attractive spot for the prospective land speculator. However, the system in force has not yet operated to force the surrender of present holdings on a large scale. At first there were violent protests against the assessments. There were many threats. Both the Hudson's Bay Company and the Canadian Pacific Railway told the town officials that they would allow the town to take their lands before they would submit to taxation on the inflated basis. At the last moment, however, both companies sent in checks for their taxes, much to the relief of the officials. As one of them expressed it, "We wouldn't know what to do with the lots after we got them. There was no market for the property."

How long the owners of non-revenue producing property will continue to hold it is a disputed question. Some state that they are paying taxes from year to year only in the hope that some legislative change will be made to afford them relief from the heavy charges or that some market change will make it possible for them to dispose of their real estate without too heavy a sacrifice.

Ex-Mayor George Gordon charges the tax system with responsibility for part of the difficulties of the town in borrowing money for needed public improvements. Although the outstanding indebtedness is not great, the attempts to float new debentures have not been entirely successful.

Mayor Durkin says a good word for the present system in describing its effect upon improvements. He points out that the individual need not hesitate to improve the appearance of his store or residence because of the danger of provoking a higher assessment. But Ex-Mayor Gordon asserts that this is of slight consequence and that a stimulus to building is not needed in Ponoka, where there are already eight or ten vacant houses seeking tenants. There is no reason to build, he says.

No one was found who would give the system a general recommendation. The mayor, although he felt that the single-tax system might be a good system under some circumstances, declared that it had not worked

satisfactorily in Ponoka. The ex-mayor thought the system might be applied in a big city, but insisted that it would never do in a small town because it was impossible to secure the necessary revenue without great distress. Alderman Batson testified that there was simply not enough land value in the town to justify the single tax. Alderman Alexander pointed out that it could not be applied successfully where the community was not growing rapidly. All agreed that their three-year trial in Ponoka was anything but satisfactory in its results.

It is evident that the imposition of the land tax in Ponoka caused a violent wrench. In order to finance itself under the new plan, it was necessary for the town to increase the tax rate on land from eighteen to forty-five and one-half mills and to over-assess land values very greatly. At the same time the change relieved buildings and personal property from taxation. Just such results developed as might be expected from a consideration of abstract economic principles. Land values have been adversely affected. Some classes in the community have been benefited at the expense of others—in this case, the business class at the expense of the owners of residential land. The owners of unimproved property have been hard hit and are in some cases seriously considering the advisability of surrendering their holdings. There has been no discernible effect upon building activity, because the town is already adequately supplied with buildings so far as numbers are concerned. The system has not yet been in force long enough to yield evidence as to the effect upon the quality of the new buildings which may replace the old as they are abandoned. Fiscal difficulties have been encountered by the town government, but as pointed out above(1) the town was in a particularly bad situation financially to make the change. By a high tax rate and by a triple assessment of land values, Ponoka has managed to make ends meet. The experience of the town shows conclusively that under certain conditions the change to the land tax can be made only at the risk of considerable friction and economic disturbance.

(1) Cf. *supra*, p. 149.

4. LLOYDMINSTER.

Lloydminster lies on the border between the provinces of Saskatchewan and Alberta. Part of the community operates under the tax system of Alberta, which exempts buildings from taxation,(1) while the remainder operates under the Saskatchewan statutes and taxes improvements at the maximum permitted by the law, *vis.*, sixty per cent. of their value.

The experience of such a community might be expected to yield valuable evidence as to the effects of the policy of untaxing buildings, and Lloydminster has, indeed, received her full share of attention from those who are interested in the problem. Even official commissions have used it as an object lesson. Thus in a report of the Minnesota Tax Commission is to be found the following statement:(2)

An interesting example of the working of the two systems of taxation—taxing land and improvements and taxing land only—was exemplified in the city of Lloydminster, half of which is in Saskatchewan and half in Alberta. That part of the city which is in Saskatchewan levied a tax on buildings and improvements as well as on lands, while the part in Alberta taxed the land only. The result was that the Alberta side forged ahead of the Saskatchewan side, and while most of the retail business was done in the latter, all the better class of residences were built on the Alberta side.

An investigation of the situation fails to reveal an adequate basis for the statements made in the extract quoted. Indeed the evidence warrants a direct contradiction of some of the statements. The Alberta side has not “forged ahead of the Saskatchewan side” and “all the better class of residences” have not been built on the Alberta side. The results which perhaps might normally be expected have not developed because there are peculiar forces in the local situation which prevent them from developing. It is therefore necessary to make a survey of the local conditions.

To the visitor Lloydminster presents an aspect somewhat more attractive than that of the ordinary prairie town of a thousand inhabitants. The houses are better designed and the business buildings more pretentious. There is, however, the usual lack of local improvements: no paving, no permanent sidewalks and no sewer or water system. A public well back of the building which shelters the town's fire apparatus furnishes drinking water at public expense for those who care to carry it and suffices to fill the tank which constitutes the water supply of the community in case of fire.

Lloydminster is laid out in the usual rectangular fashion. The north and south street which passes through almost the heart of the settlement marks the position of the 110th meridian, the boundary line between the two provinces. The fact that the meridian coincides with this particular street rather than the one a few hundred feet to the east serves in itself to

(1) The tax for school purposes should be noted as a slight exception to this statement. *Cf. infra*, p. 158.

(2) Third Annual Report of the Minnesota Tax Commission, 1912, p. 171.

ruin Lloydminster as an object lesson of the effects of the single tax, for the street was a boundary line of great economic importance before the fact became known that it marked the division line between Alberta and Saskatchewan. The story of its importance harks back to the beginning of the settlement.

Lloydminster was founded in 1903 by the "Barr Colony," a group of English settlers. At that time there was no railroad and the company of approximately 1,000 people walked two hundred miles from Saskatoon to this spot, which they chose for their settlement. Farms were selected and a square mile of the prairie was subdivided into a town plot.

The original settlers were eager that their colony should retain its unity and that the community should remain entirely English. The feeling against Americans and Canadians was so strong that the proprietors of the town site refused to sell centrally located lots to any but English people. One of those who was refused a favorable location was Mr. R. W. Miller, at present the reeve of Lloydminster, Alberta. Some time later it became known that the Canadian Northern Railroad was to pass through the town, and it was rumored that the railroad company intended to subdivide an additional square mile immediately to the west. Mr. Miller purchased a corner lot just across the street from the limits of the old town site and opened a general store. The centre of the community to-day is not far from this point.

It was not until 1905 that the boundary line was found to be coincident with the street which bounds the west side of the original town site. This showed that the old town site was in the province of Saskatchewan and the new town site in the province of Alberta. That part of the community which lies in Saskatchewan has been organized as the Town of Lloydminster, and that part which lies in Alberta as the Village of Lloydminster. Two complete systems of local government have been established and public business is carried on by distinct sets of officers in the two municipalities.

There still remains a distinct racial difference between the inhabitants of the town and the inhabitants of the village. The town is extremely English; the village is made up largely of Americans and Canadians. This difference in nationality appears to lie at the bottom of the amusingly exaggerated local jealousy which characterizes their relationships. The villagers approve of nothing the townspeople do, and *vice versa*. The townspeople predict that the village is on the road to financial ruin and point to the new \$10,000 hall recently erected by the village government as an example of how extravagance has run riot. The villagers across the street point to the town's \$30,000 indebtedness and predict disaster for the town's finances.

It is extremely difficult for the town and village to coöperate in any enterprise. Local improvements which could be much more economically constructed through joint action are delayed or not constructed at all because of the inability of the two parties to agree upon a plan of action. For example, in the summer of 1914 there was an agitation for a system of fire protection, the proposal being to construct a water tank and street hydrants.

It would obviously be much cheaper to install one system to protect the property on both sides of the meridian street than to install two systems. The village, however, insisted that the cost should be apportioned on the basis of assessed valuation of property. Since the village does not assess buildings it would of course escape with a smaller proportion of the cost. The town not only objected to this scheme of apportionment, but insisted that the hydrants which were to be placed along the meridian street should all be on the town side, and, moreover, that the town's share of the total project should be the first to be completed. Because of the unwillingness of either side to compromise, the whole proposal was delayed and seems likely to go by the board. Several attempts have been made to end this absurd state of affairs by amalgamating the town and the village, but the mutual jealousy and distrust have thus far proved to be too strong to be overcome.

It is not easy to discover any substantial basis for the pessimism with which both the town and the village view the future of each other. The town's indebtedness of approximately thirty thousand dollars is not staggering, particularly since the liability for fifteen thousand of it has been assumed by the flour mill company, for whose benefit it was incurred. The village indebtedness of approximately eight thousand was incurred in erecting the hall. But the hall is not a mere luxury. It is the source of a substantial revenue. One floor is leased to a secret society and the auditorium is rented upon all occasions which demand accommodations for large gatherings.

There is no just cause for pessimism in the general economic conditions and outlook. It is true that the population has not increased materially in several years. In spite of the Board of Trade estimate of 1,300, the population of the whole community is probably not more than 1,000. Of this number, approximately one-third live in the village and two-thirds in the town. The population, it is claimed, is nearly twice as large as is justified or supported by the business done in Lloydminster, a very unusual situation in a western town. The original group of settlers contained many persons of independent means, and a considerable number of these still remain, supported by their income and taking no active part in the economic life of the place.

The community has no industries except a creamery and a flour mill. It is primarily a distributing and marketing centre for a fairly large and rich agricultural community. Its practically undisputed trading territory stretches twenty-five miles to the south, eighteen miles to the west, twenty-two miles to the east, and indefinitely to the north.

The soil of the surrounding country is, for the most part, a deep black loam, with a clay subsoil, and seems particularly well adapted to the growing of grain. Nevertheless, until recently, the prosperity of the farmers has not been great. During the past two years, instead of raising only wheat and oats, much attention has been paid to dairying and live stock and this type of mixed farming has proved to be very profitable.

The tax situation in Lloydminster is not simple, and the difference in the policy of taxing buildings is not the only difference between the systems of the town and village. These additional differences complicate the situation and modify the tendencies which might be expected to develop from the opposing plans of building taxation.

In the first place, some attention should be given the apparently opposed policies of taxing improvements. The Town of Lloydminster, being organized under the Saskatchewan law, cannot assess buildings at more than sixty per cent., although it may assess them at any lower percentage it chooses.(1) Nominally the town assesses buildings at the highest fraction permitted by the provincial law, sixty per cent. In actual practice, however, buildings are assessed at a somewhat smaller percentage of their value. This operates to reduce the difference between the town and the village.

The Village of Lloydminster, on the other hand, when organized in 1905, petitioned the Alberta legislature and secured permission to exempt all buildings from taxation for municipal purposes.(2) The village, however, forms a part of the larger school district, and for raising the necessary funds for school purposes not only land is assessed, but also improvements and stock in trade.(3) For this purpose they are valued at about two-thirds of their full value. The town is in a similar school district, but the school rate is levied within the town on the same base as the other taxes. The following table shows the tax rates in both town and village for a number of years:

TAX RATES

(Mills)

The Town

	General.	School.	Total.
1907.....	8	..	..
1908.....	..	..	..
1909.....	8	7	15
1910.....	..	..	..
1911.....	10	7	17
1912.....	16	7	23
1913.....	16	7	23
1914.....	16	7	23

The Village

	General.	School.	Special(a).	Total.
1908.....	12	8	..	20
1909.....	15	8	..	23
1910.....	17	10	..	27
1911.....	20	16	..	36
1912.....	18	12	..	30
1913.....	18	8	6	32

(a) This levy was to provide for the debt incurred in building the public hall.

(1) Provided that not more than fifteen per cent. of the value may be eliminated in any one year.

(2) The Alberta law, as it existed at that time, provided for such exemptions only when a petition was submitted.

(3) There seems to be some doubt as to whether this practice is strictly regular.

It will be noticed that in 1913, for instance, buildings in the town were taxed seven mills for schools on a valuation of probably fifty per cent. of their value while buildings in the village paid a school tax of eight mills on a valuation of two-thirds of their value. This operated, of course, to reduce still further the difference between the town and the village.

Of even greater importance is the complication caused by the imposition of a business tax in the town. In residence property generally in the community, the value of the building greatly exceeds the value of the land. In some cases the proportion is as high as ten to one. The opposite is true of business property. Here the land usually exceeds the building in value. Other things remaining the same, a condition like this would tend to encourage the business man to locate where buildings as well as lands are taxed—as in the town—for he would pay a smaller proportion of the total taxes. But whatever attraction there might be in the town system for the business man is nullified to a large degree by a special business tax which the town imposes. Every business man, in addition to the tax on the value of the building, pays a tax apportioned according to the floor space occupied and type of business carried on. Of course, the Alberta tax on stock in trade for school purposes tends to offset the town's business tax.

Still another complication exists in the relative weight of the tax burdens on the two sides of the line. The tax rates given above cannot be taken as a true indication of this because of the different standards of assessment. In the town, real estate is under-assessed about fifteen per cent., according to the testimony of real estate men. On the other hand, the village is accused of over-assessing land in order to keep down its tax rate. There is some feeling in Lloydminster on this subject. The town officials refer one to the real estate men and the real estate men politely inform one of their entire ignorance of land values in the village. One business man in the town testified that he owned two lots in the village assessed at \$900 apiece which he would gladly sell at \$200 apiece. He stated further that the taxes on these two lots were almost as large as the taxes on thirteen lots, his house and his barn in Saskatchewan. Other citizens accuse the village of over-assessment, but these charges are all flatly denied by the village officials.

Some color is lent to the charge of over-assessment in the village by the fact that the assessment in 1914 was increased about \$150,000 in spite of the fact that there has been no perceptible growth in the community. Appeals representing the owners of approximately one-half of the land in the village had been filed in August. The total assessment of the village in 1913 assessment, but these charges are all flatly denied by the village officials.

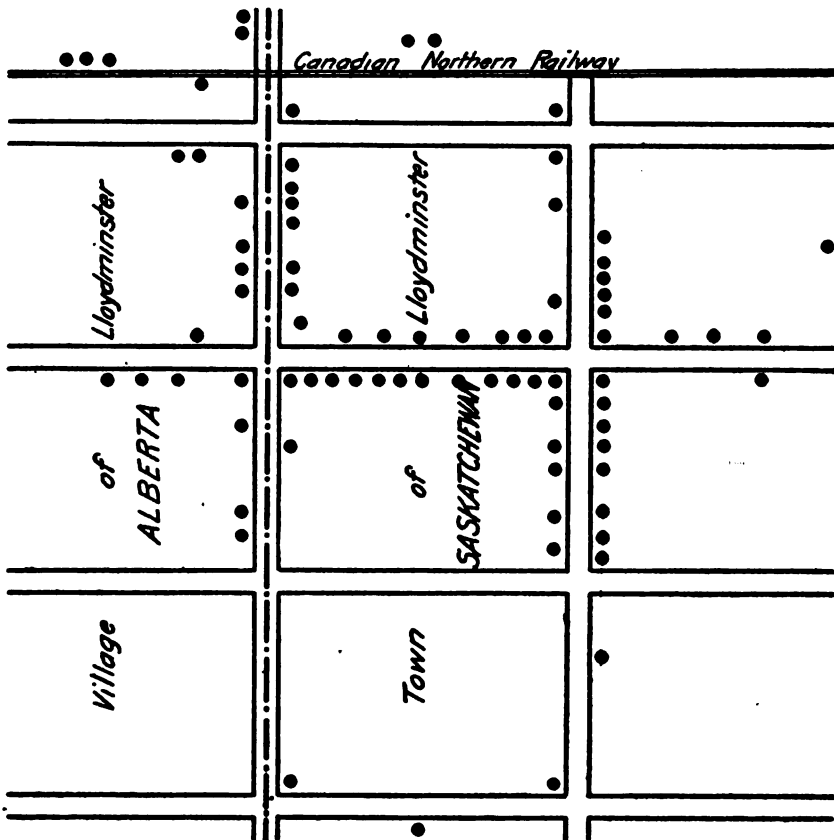
A comparison in the tax levies does not show that the cost of government is greater to the villagers than to the townspeople. In 1913 the tax levy for general purposes in the village was \$4,349.90 and in the town was \$8,939.26. It will be seen that the *per capita* cost was almost exactly the same on both sides of the line.

In view of the complications described—the historical antagonisms

between the town and the village, the under-assessment of buildings in Saskatchewan, the assessment of improvements and stock in trade for school purposes in Alberta, the business assessment in the town and the alleged over-assessment of land in the village—it is not surprising to find a lack of clear-cut phenomena available for judging the effects of the system. The size of the community rendered it a simple task to count all the buildings except residences and stables, and this was done. There were eighty-three. Twenty were in Alberta and sixty-three in Saskatchewan. In view of the fact that the Saskatchewan town site was the original one and that a large number of business lots were disposed of before the Alberta town site was in existence, the number of business places in the village is just about what one would expect, irrespective of the tax system.

LLOYDMINSTER

Location of Business Buildings



If the business men realized that there would be an advantage from the point of view of taxes in locating in the town rather than in the village or vice-versa, they would not be free to move. An official in the village who

feels that the advantage lies on his side of the line says that the business men remain on the Saskatchewan side of the line through stubbornness. "They are English, and do not know when they are licked." But probably good business sense forbids them to risk a challenge to local pride. Moreover the change would, of course, involve expense. Whatever the explanation, all agree that there is no perceptible movement across the line. Certainly the town is not gaining in business at the expense of the village.

The effect upon persons choosing a site for building residences is not what one would expect it to be. There is no special tax on residences in Alberta, corresponding to the tax on businesses in Saskatchewan. Moreover, the land in the village is somewhat higher, and therefore somewhat more attractive for residences than the land in the town. But nevertheless more new houses have been built in the last few years on the Saskatchewan side than on the Alberta side and the town houses are fully as costly as the village houses. There are only nine houses which cost more than \$5,000 in the whole community. Three of these are in Alberta and six in Saskatchewan. The largest and best house was built three years ago on the Saskatchewan side. There is a very pronounced disposition among the business men to build their residences where their business is carried on. Only four men whose places of business are in Saskatchewan live in Alberta. The one satisfactory explanation is that the bonds of local pride and jealousy and of indirect economic advantage are strong enough to hold against the force of the direct economic gain which would come through locating in the village.

There can be little doubt that the advantage to homebuilders lies with the village rather than with the town. Not only is there much more vacant land in the village, but also more of it is owned by non-residents. But the town is entirely satisfied with its system. There is absolutely no disposition to decrease the assessment of buildings below the present figure. The townsmen seem content to sit by and allow the village to experiment, ready to laugh at the ruin which they think they foresee. Doubtless when enough of the old town spirit dies out, as it will with time or increased growth, the village and the town will amalgamate. In the meantime, it is not a good place to search for the effects of the single tax. There is nothing in the complicated situation which justifies drawing conclusions either in favor of or in opposition to the plan of exempting improvements from taxation.

E. BRITISH COLUMBIA

The Province

British Columbia, the most western province, is very mountainous. The Rockies and the Selkirks lie to the east and the Cascade (or Coast) and Island ranges to the west. Rich valleys and tablelands lie between the ranges. The great interior plateau lying to the west of the base of the Selkirks forms the chief agricultural area. The province is approximately seven hundred miles long by four hundred miles wide and contains the whole western slope from the crest of the Rockies to the Pacific.(1)

Until recently, because of the lack of adequate transportation facilities, ranching was practically the only form of agricultural activity which could be pursued. Fruit growing has now superseded ranching in importance and dairying is rapidly developing. Grain is not raised in great quantities.

The chief industries of the province are fishing, mining, and lumbering. Most of the fish taken are salmon, but in recent years herring and halibut fisheries have been developing with great rapidity. For the year ending March 31, 1913, the value of the catch was \$14,478,078.(2)

The mineral resources of the province have scarcely begun to be developed. Large quantities of gold, silver, lead, copper, zinc, and coal are available. The value of the output of the mines in 1911 was \$23,499,072, and in 1912, \$32,440,800.(3)

It is estimated that there are 15,000,000 acres of merchantable timber in the province. In 1913 the amount of lumber produced was said to be 1,457,041,939 feet(4), with a value of about \$32,500,000. The general condition of the lumber industry is at present somewhat discouraging, the slump in building operations in the Canadian Northwest affecting very seriously the prosperity of the lumberman. In 1913 the consumption of lumber in the four western provinces was approximately 450,000,000 feet less than in 1912.

A table in the official yearbook which attempts to present the facts in regard to the manufactures of British Columbia in the year 1910 gives the total value of manufactured products as \$63,797,494.(5) In this list are included concerns which produce electric light and power, gas light and heat, coke and preserved fish. Two hundred and twenty-four of the six hundred and thirty-nine establishments are listed under the heading "log" products and thirty-nine under "lumber" products. More than one-third of the value of the total manufactured products is credited to these two groups of concerns.

The Census of 1911 reveals the fact that the urban population of British

(1) Yearbook of British Columbia, Manual of Provincial Information, Victoria, 1914, p. 106 *et seq.*

(2) *Ibid.*, p. 37 *et seq.*

(3) *Ibid.*, p. 402.

(4) *Ibid.*, p. 384.

(5) *Ibid.*, p. 401.

Columbia is extraordinarily large as compared with the rural population. Of the total population of 392,480, 203,684 live in cities and towns and 188,796 in rural districts.

The net revenue of the province for the fiscal year ending March 31, 1913, was \$12,510,215.08.(1) For the fiscal year ending June 30, 1903, ten years previous, the net revenue was only \$2,044,630.35. The largest single item of receipts in 1913 consisted of the income from timber royalties and licenses which amounted to approximately two and one-half million dollars (\$2,457,129.37). Almost equal in importance was the income from land sales amounting to \$2,344,596.52. The income from the tax imposed upon incoming Chinese yielded, in 1913, \$1,723,990.60. Subventions from the Dominion Government amounted to three-quarters of a million of dollars (\$732,489.46).

It will be seen from these statements that the province depends upon ordinary forms of taxation for only a very small part of its total revenues. In 1913 the so-called "revenue tax", a *per capita* tax, yielded an income of \$360,663. This particular tax has now been abolished. The tax on real and personal property, including wild lands, and on incomes yielded, during the same period, approximately one and one-half million dollars (\$1,483,751.12).

The cost of the debt service for the fiscal year ending March 31, 1914, was \$539,944.11. The Estimates for the fiscal year ending March 31, 1915, called for the expenditure of \$541,736.61 for this purpose. The balance sheet of the province on March 31, 1913 showed outstanding bonds to the amount of \$11,369,218.

The largest item among the expenditures is that of public works, \$7,664,468.64, having been spent for this purpose in 1913. The largest share was used for roads, streets and wharves. The estimates for 1915 call for the expenditure of \$5,316,575 for public works.

The province returns to various localities a very large proportion of the money raised by taxation. Thus in 1913 the grant for schools, which is apportioned on the *per capita* basis, amounted to \$855,771.91. In addition there are substantial grants for hospitals.

In addition to the distinctly provincial expenses which must be met out of the provincial treasury there are also the local expenses of the unorganized portion of the province. Indeed, most of the territory included within the limits of the province is as yet unorganized and in this territory the province has direct control. All the taxes are imposed and collected by the province and the receipts form a part of its consolidated revenues.

In the parts of the province which have been organized and granted rights of local self government, the province has relinquished real estate as a subject of taxation; but in all such parts, including even the cities of Vancouver and Victoria, the province continues to extend taxes on other

(1) The statistics of income and expenditure are taken from the Public Accounts for the Fiscal Year ending March 31, 1913. Printed by authority of the Legislative Assembly, Victoria, 1914.

bases such as income and personal property. In addition to taxes on real estate the municipalities have also sources of income from licenses and frontage taxes. Thus, although the division of the field between the province and the localities is complicated, there is entire separation of the sources of taxation. The retention by the province of several sources of direct taxation within the municipalities may be said to be largely compensated for by the subvention system referred to above.(1)

The law under which provincial taxes are assessed and collected at present was adopted in 1903, but has been revised in important particulars since that date, one important change being the elimination of the *per capita* tax in 1912 as a result of the recommendation of the Royal Commission on Taxation of 1911.(2)

Taxes are levied on improved real estate at the rate of one-half of one per cent. of their value. No exemptions are allowed for buildings or improvements.

Wild lands are defined as "all land, other than coal land and timber land, claimed by any person on which there shall not be existing improvements to the value, when estimated, of \$2.50 per acre in addition to the cash value of the land itself, on land situate west of the Cascade Mountains, and of \$1.25 per acre on land situate east of the Cascade Mountains." Such lands are taxed at four per cent. of their value.(3)

Personal property is taxed at the same rate as improved real estate, *i. e.*, one-half of one per cent., but there are very liberal deductions. The most important of these exemptions are moneys deposited in bank; unsecured book debts; the produce of farm lands; live stock, agricultural implements and machinery, and vehicles to the value of \$1,000; household effects, and mortgages upon land or property in the province.(4)

Measures are taken to prevent double taxation by taxing a person both on his personal property and on the income arising therefrom. The law governing this point reads as follows:(5)

When any person is assessed and taxed on personal property from which his income is derived, the amount of the tax on such personal property, if greater than the amount of the tax on his income, shall be the only tax payable, in respect of both income and personal property; if the tax on income is greater in amount than the amount of the taxes on personal property, the amount of tax on income shall be the only tax payable in respect of both income and personal property, and in the event of the amount of the tax on personal property and the amount of the tax on income being equal, the tax on income shall be the only tax payable in respect of both income and personal property.

(1) *Cf. supra*, p. 163.

(2) The tax laws were consolidated under the date of April 28, 1913. The general reference is to the Revised Statutes, B. C., 2 George V, 1911, c. 222; 1913, c. 71. For the law governing the taxation of forests and Crown timber lands, *cf.* Statutes, B. C., 2 George V, 1912, c. 17; 1913, c. 26.

(3) *Ibid.*, s. 9; 2 George V. 1911, c. 222, s. 2.

(4) *Ibid.*, s. 8.

(5) *Ibid.*, s. 11.

The rates on income are progressive. The first \$1,000 is exempt. The rates on other taxable incomes are as follows:

Class A, Less than \$2,000 taxable income.....	1%
Class B, \$2,000 to \$3,000 taxable income.....	1¼%
Class C, \$3,000 to \$4,000 taxable income.....	1½%
Class D, \$4,000 to \$7,000 taxable income.....	2%
Class E, More than \$7,000 taxable income.....	2½%

Coal lands are divided into two classes, and a discrimination made in favor of those mines which are being operated as compared with those which are not. Class A, which consists of "worked mines", is taxed at one per cent. of the value; while Class B, which consists of "unworked mines", is taxed at two per cent.

Timber land, which is elaborately defined in the Act,(1), is subject to a two per cent. tax, which may be rebated where the timber is manufactured or used in the province. Moreover, this rate does not apply when the provincial royalty on timber is collected. This royalty is a charge of fifty cents per thousand feet of board measure on all timber cut from Crown lands, from railway subsidy lands, and from lands held on lease or license from the Crown; and a charge of twenty-five cents per cord on wood cut on Crown lands, timber leaseholds and timber limits.(2)

The ordinary taxes on incomes, on personal property and real estate apply to all corporations except those particularly specified in the taxation act, upon whose gross receipts a tax of one per cent. is levied. These specified corporations are life, fire and other insurance companies, guaranty companies, loan companies, trust companies, telegraph, telephone and express companies; gas companies, water works companies and electric lighting companies, power and street railway companies. Individual stockholders are not assessed on dividends of corporations if the corporation itself is assessed. Railways are taxed upon their rights of way, the charge being one per cent. on an assessed valuation of \$10,000 per mile of main track and branches, and of \$3,000 per mile of siding. Banks are subject to a specific tax of \$1,000 for each head office, plus \$125 for each branch.

Unworked mineral claims granted by the Crown are taxed twenty-five cents per acre. Coal mines and coke ovens are taxed at the rate of ten cents per ton of output on coal and fifteen cents per ton on coke.

There are also probate and succession duties. The rate of succession duty is progressive, the upper limit being ten per cent. upon estates of over \$200,000 to distant relatives and strangers. Until recently a poll tax of three dollars has also been collected.

On taxes assessed annually, a ten per cent. rebate is made if the taxes are paid before June 30th.

(1) *Ibid.*, s. 2.

(2) Year Book of British Columbia, p. 283.

The results of the provincial assessment of 1913 are presented in the following table:

PROVINCIAL ASSESSMENT (a)

	Assessed Values.	Tax Levy.
Real Property (improved).....	\$102,838,630 00	\$627,218 57
Wild Land	19,787,430 56	873,549 01
Coal Lands (Class "A").....	1,644,314 00	16,443 14
Coal Lands (Class "B").....	1,702,948 32	34,058 96
Timber Land	8,329,032 29	166,580 61
Personal Property	49,313,957 00	252,535 52
Incomes (General)	16,443,590 30	304,403 07
Incomes (Corporation)	13,492,393 10	97,625 38
	<hr/> \$213,552,295 57	<hr/> \$2,372,414 26

(a) Totals, 1913 rolls. Year Book of British Columbia, 1911-1914, p. 393.

In addition to the provincial grants for school purposes local school taxes are levied both in the municipalities and in the unorganized territory. In the unorganized territory the amount of this tax is determined by a board of rural school trustees in annual meetings held in the rural school districts and is levied and collected by the provincial assessors and collectors. The collections, however, are kept separate from the consolidated revenues and are handed over to the local school officials. The tax base on which the rural school rates are levied is of somewhat different composition than that on which the provincial taxes are levied, because of the difficulties of localizing income. This part of the base is not used for school taxes, and some of the exemptions made for provincial taxes are not allowed in the case of schools. This results, therefore, in the necessity for a separate tax roll for school purposes, and in a different tax rate for each local district.

A Royal Commission on Taxation was appointed September 14, 1911, "for the purpose of inquiring into the operation of the 'Assessment Act' with regard to its practical bearings on the financial requirements of the provinces."(1)

This commission submitted a report under the date of January 19, 1912, which contained recommendations of great interest from the point of view of the taxation of land values. In addition to recommending the abolition of the poll tax and the personal property tax it suggested changes in the income tax by giving a larger initial exemption and by increasing the rates on the higher incomes. The commission suggested also that no tax be levied upon improvements in any territory directly under the control of the province for taxation purposes.

The reasons for recommending the abolition of the poll tax were that such a tax was suitable only to a primitive condition of society, and that it had a tendency to work a disadvantage to the province by checking the free flow of labor. The revenue surrendered by the abandonment of the

(1) Synopsis of Report, and Full Report of the Royal Commission on Taxation of 1911. Printed by Authority of the Legislative Assembly of British Columbia. Victoria, B. C., 1912.

poll tax and of the tax on personal property was expected to be made up in large part from increased receipts from the income tax. This additional amount was to be secured in spite of the increase of the initial exemption from \$1,000 to \$1,500. The rates on incomes were to be raised for those persons who received incomes in excess of \$11,500. Incomes between \$11,500 and \$50,000 were to be taxed two and one-half per cent. and in addition persons falling within this class were to be given no exemption. Incomes exceeding \$50,000 were to be taxed in the same manner, and in addition a super-tax of five per cent. was to be imposed on that part of the income over \$50,000. Additional exemption from the income tax was proposed to the extent of \$200 for each child.

As a result of their investigation and deliberation the commission arrived at the decision that it was good public policy that improvements should not be taxed. Moreover, improvements were defined in the most inclusive fashion. The following is the definition set forth in the report: (1)

Improvements should include houses, other buildings, fencing, putting in crops, planting of orchards, draining and irrigation of land, clearing from timber and scrub, laying down in grass or pasture, and any other improvements whatever, the benefit of which is unexhausted at the time of valuation.

The commission's recommendation that there should be no taxation of improvements as defined above has raised an interesting question. The cost of clearing land in British Columbia is very heavy, most of it being heavily wooded. It has been pointed out by the administrative officials that some land which cost as high as \$350 an acre to clear is at present selling for only \$200 an acre; and it is claimed that the adoption of this recommendation would mean the exemption of a large portion of land at present taxed. There seems to be little objection on the part of the people to the adoption of a plan to exempt structural improvements from taxation; but there is a strong feeling that the commission went a step too far in defining improvements as it did.

In 1912, however, the Honorable Price Ellison, Minister of Finance and Agriculture, in his budget speech before the legislature, announced that the Government had decided to adopt the recommendations of the commission, and outlined a plan for carrying them into effect, specifying the exact time when the various recommendations were to be adopted.

The commission's recommendation that the poll tax be abandoned was adopted forthwith; none of the other recommendations have been carried into effect.

Moreover, Mr. J. B. McKilligan, the Surveyor of Taxes, has recommended that no changes be made in the immediate future, and the prospects are that there will be none. This is partly due to anxiety lest the recommendations of the commission in regard to the exemption of improvements from taxation prove unworkable, and partly due to the unsettled conditions caused by the war.

(1) Report, Royal Commission on Taxation, p. 25.

In order to obtain an official statement of the present attitude of the Government toward their announced program of tax legislation a request for a statement was made of the prime minister, Sir Richard McBride. Under date of September 4th, the following letter was received:

I am in receipt of your favor of the 2d inst. asking me to give an expression of opinion on the question of exemptions of improvements from taxation to the Committee on Taxation in New York City. This request I have much pleasure in complying with.

I am sending you a report of the Taxation Commission which contains a great deal of information in regard to the subject as it relates to British Columbia. The feeling in this province is, generally speaking, favorable to exemption, and the report in question fairly well reflects public opinion. The policy outlined by the Commission has practically been adopted by the Government, so that as head of the Government it must be assumed that I largely concur.

Of course there are ever among those who advocate exemption of all improvements from taxation differences of opinion as to the extent to which the principle should be applied. For instance, in cities it might be questioned whether large or small buildings occupying similar space should be on the same basis of taxation; but that is something for experts to decide and I have not gone into the question from that point.

There seems to be no doubt but that public opinion in British Columbia is in favor of the tax on natural resources for provincial purposes rather than taxation of "products of industry." The general movement in provincial taxation is in this direction, but the fact remains that at present the movement has not proceeded far. Incomes, personal property and improvements are still taxed in spite of the report of a Royal Commission favoring the exemption of improvements and the abolition of personal property taxes, and the announcement of the adoption of those principles by the Government. What measures will be adopted in the immediate future is extremely problematical.

The Municipalities

Less than half of the total area of the Province of British Columbia is included within the limits of organized municipalities. Before 1892 a number of municipalities had been chartered by special act of the legislature.⁽¹⁾ In that year these early charters, except in so far as their provisions were not repugnant, were brought within the jurisdiction of a general Municipal Act. All municipalities which have been since created have been formed under the provisions of this Act. At present there are sixty-one municipalities. They are divided into two classes: city municipalities and district municipalities. This distinction is not a logical one. It is not based either on the size of the territory included within the municipal

(1) John B. McKilligan, in an address on "Taxation in British Columbia" given before the International Conference on State and Local Taxation at Toronto in 1908 (Addresses and Proceedings, International Tax Association, p. 304), lists eleven such municipalities.

limits, or upon the population. The city municipalities, it is true, are usually smaller of area than the district municipalities; but there are many district municipalities which are more populous and more important economically than the city municipalities. Some of the city municipalities have as small a population as four hundred. The only city in the province containing more than 100,000 people is Vancouver, which operates under a special charter. The other municipalities, both district and city, operate under the provisions of the Municipal Act.(1) The tax systems of Victoria and Vancouver are reserved for separate treatment.

Under the provisions of an Act passed in 1891(2) municipalities were authorized to exempt "fifty per cent. or all of the value of improvements on land." The Municipal Act of 1892, referred to above, specified that improvements should not be taxed at more than fifty per cent and permitted complete exemption if the councils of the municipalities desired. This provision remains a part of the law to-day.

Section 54, sub-section 166, grants the council of every municipality power "for fixing, if they prefer, the rate of taxation upon improvements at a lesser rate than upon land, or for exempting improvements from taxation entirely."

Section 201 reads:

The council may, in every year, pass a by-law or by-laws for levying a rate or rates on all the land and improvements as assessed (provided that the rate on improvements shall not be levied on more, and may, in the discretion of the council, be on less, than fifty per cent. of the assessed value thereof, or such improvements may be exempt altogether), to provide for all sums which may be required for the lawful purposes of the municipality for such year.

Other provisions of the Municipal Act which are of interest from the point of view of taxation, include that prescribing the method of valuation.

For the purpose of taxation, land and improvements shall be estimated at their value, the measure of which as to land, shall be the actual cash value, and as to improvements shall be the cost of placing, at the time of assessment, such improvements on the land having regard to their then condition, but land and improvements shall be assessed separately.(3)

The assessment of real estate is made annually; the rate for general purposes is limited to one and one-half cents in the dollar. In addition one mill may be levied for board of health and hospital purposes; seven mills may be levied for school purposes; and in addition such a rate as may be necessary to provide for interest and sinking fund claims.(4)

(1) An Act Respecting Municipalities, March 4, 1914, c. 52.

(2) Vineburg, *op. cit.*, p. 78.

(3) S. 199.

(4) The seven-mill maximum for school purposes was fixed upon the recommendation of the Royal Commission on Municipal Government, 1912. Report, p. 10. The maximum was formerly five mills. This commission recommended further that the exemption of church property from taxation be discontinued, but this recommendation was not accepted.

Another interesting provision permits the taxation of wild lands at a special rate. Wild land is defined as "land claimed by any person on which there shall not be existing improvements to the value, when assessed, of ten dollars per acre." (1) Such land may be taxed at a rate "not to exceed five per cent. of its assessed value." (2) Provision is also made for labor on the roads by all male residents over twenty-one years of age; but this may be abolished by the council if it so desires.

Municipalities in British Columbia, then, cannot tax improvements at more than fifty per cent. and may exempt them entirely. A large number of the municipalities have taken advantage of the provision permitting them to exempt improvements.

As will be seen from the accompanying tables, in 1914, fifteen of the thirty-three city municipalities exempted improvements from taxation and fifteen taxed them on a fifty per cent. assessment, the maximum permitted by the Municipal Act. Of the remaining city municipalities, one taxed improvements at twenty-five per cent., one at thirty per cent., and one at thirty-three and one-third per cent.

All except four of the twenty-eight district municipalities exempted improvements entirely. One district assessed them at ten per cent., two at fifty per cent., and one at full value. This last, Fraser Mills, is an irregular case. It is explained that almost all property within the limits of the municipality is owned by one company and since it has practically all of the taxes to pay it does not care on what basis they are levied. The assessment in this case is largely a formality.

In response to an inquiry as to the sentiment among the municipalities on the question of untaxing improvements, Mr. Robert Baird, inspector of municipalities, wrote as follows, under date of November 12, 1914:

Referring to the point which you mentioned on the occasion of your visit here, the present attitude of the municipalities generally toward the single-tax question, I may say that I have taken some pains to enquire throughout the province, and while I find that a fairly large percentage of the taxpayers and members of the municipal councils are not enthusiastic supporters of the single-tax system, yet practically none of them would advocate the taxing of improvements, at the present time to their full value, the reason being that there is temporarily, at least, a very strong antagonism toward the speculator in land.

Nanaimo, one of the smaller towns in British Columbia, seems to have been the first municipality in the Dominion to exempt improvements from taxation entirely. Nanaimo is a community of 8,000 people located on the eastern coast of Vancouver Island. It is a center for the coal-mining industry and for herring fisheries. It received a special charter on December 24, 1874, which contained a provision permitting the town to exempt improvements from taxation entirely. Advantage was taken of this pro-

(1) Municipal Act, s. 2.

(2) *Ibid.*, s. 201.

CITY MUNICIPALITIES(a)
(October 31, 1914)

Municipalities.	Assessed Value of Improvements.	Assessed Value of Land and Improvements.	Percentage of Improve- ments Taxed.	Total Debt.	Popula- tion.	Area in Acres.
Alberni	\$258,847 00	\$1,413,914 45	0	\$90,900 00	800	1,553
Armstrong	467,010 00	1,160,260 00	50	138,765 00	1,500	1,000
Chilliwack	866,360 00	2,223,585 00	0	224,141 00	1,800	1,040
Cranbrook	538,100 00	1,465,680 00	50	278,966 00	3,500	200
Cumberland	218,990 00	335,065 00	50	11,159 30	1,600	40
Duncan	486,950 00	1,549,515 00	0	135,000 00	1,700	500
Enderby	351,025 00	769,708 00	50	99,500 00	1,000	655
Fernie	1,358,730 00	2,224,035 00	50	435,315 00	5,500	331
Grand Forks	649,390 00	1,513,405 00	50	203,800 00	2,500	1,800
Greenwood	367,205 00	588,130 00	33 1/3	91,500 00	1,000	640
Kamloops	2,637,860 00	6,808,995 00	25	1,183,313 00	6,000	912
Kaslo	370,896 00	593,009 00	50	90,169 26	1,200	400
Kelowna	1,369,545 00	4,098,770 00	0	473,000 00	3,000	1,281
Ladysmith	423,375 00	1,123,045 00	50	98,376 00	3,000	220
Merritt	593,368 00	1,486,590 00	0	116,900 00	2,000	1,615
Nanaimo	2,923,725 00	5,631,759 00	0	974,892 00	8,000	720
Nelson	2,660,040 00	4,797,738 00	50	903,841 00	7,000	483
New Westminster	7,970,340 00	24,758,190 00	0	6,384,425 84	17,000	3,481
North Vancouver	3,035,765 00	19,073,445 00	0	2,942,228 00	8,000	2,750
Phoenix	194,135 00	377,135 00	50	6,000 00	1,500	148
Port Alberni	618,550 00	3,495,702 00	0	303,000 00	1,050	1,960
Port Coquitlam .....	.....	5,828,705 00	0	486,500 00	2,300	6,200
Port Moody	433,300 00	2,878,285 00	0	57,551 00	1,500	3,000
Prince Rupert	2,489,860 00	25,503,130 00	0	2,369,780 28	6,000	2,240
Revelstoke	1,411,518 00	2,841,728 00	50	696,561 51	4,000	595
Rossland	1,276,319 00	1,951,239 00	50	156,000 00	3,500	1,920
Salmon Arm	357,900 00	859,980 00	50	82,976 00	800	520
Sandon	69,340 00	101,370 00	50	10,000 00	200	200
Slocan	65,080 00	139,085 00	50	4,200 00	250	192
Trail	314,075 00	580,800 00	0	40,642 42	2,000	664
Vancouver	76,199,743 00	226,656,403 00	0	34,075,215 57	114,220	10,724
Vernon	1,468,825 00	4,168,541 00	30	1,027,829 00	3,500	2,000
Victoria	26,803,940 00	115,955,930 00	0	19,555,506 70	60,000	4,637
Total	\$139,250,106 00	\$472,952,871 45	..	\$73,747,953 88	276,920	54,681

(a) Data furnished by Robert Baird, inspector of municipalities.

DISTRICT MUNICIPALITIES(a)
(October 31, 1914)

Municipality.	Assessed Value of Improvements.	Assessed Value of Land and Improvements.	Exemptions.	Total Assessment.	Percentage of Improvements Assessed.	Total Debt.	Population.	Area in Acres.
Burnaby	\$2,581,650 00	\$24,356,635 00	\$1,419,585 00	\$25,776,220 00	0	\$3,153,150 00	15,000	21,500
Chilliwack	536,095 00	3,427,590 00	.....	3,427,590 00	0	14,500 00	5,500	45,500
Coldstream	1,064,916 00	2,169,505 00	.....	2,169,505 00	0	165,967 00	500	17,000
Coquitlam	1,053,945 00	3,217,428 00	.....	3,217,428 00	0	99,375 00	1,250	37,120
Delta	1,561,050 00	6,743,585 00	91,900 00	6,835,385 00	0	368,374 79	4,000	42,000
Esquimalt	1,561,050 00	7,691,650 00	454,700 00	8,146,350 00	0	428,632 00	5,000	1,500
Fraser Mills.....	622,604 00	778,900 00	.....	778,900 00	100	.....	900	390.46
Kent	365,240 00	1,175,579 09	.....	1,175,579 09	0	4,190 00	750	47,360
Langley	507,365 00	2,789,322 00	73,950 00	2,863,272 00	0	.....	2,500	75,907
Maple Ridge.....	1,025,945 00	2,681,161 00	54,400 00	2,735,561 00	0	8,000 00	3,000	45,000
Matsqui	1,909,843 00	3,866,880 00	.....	3,866,880 00	0	16,500 00	2,000	54,145
Mission	909,909 00	1,906,687 00	.....	1,906,687 00	50	11,000 00	2,500	52,000
North Cowichan.....	1,680,455 00	5,328,319 00	22,400 00	5,350,719 00	10	50,975 00	3,500	35,000
North Vancouver.....	1,326,270 00	12,379,716 00	193,033 00	12,572,749 00	0	1,171,097 00	4,000	48,000
Oak Bay	3,092,165 00	11,030,165 00	141,460 00	11,171,625 00	0	1,616,942 45	5,000	2,552
Peachland .....	.....	524,320 00	6,600 00	530,920 00	0	37,917 00	450	3,520
Penticton	1,540,912 00	3,819,002 00	139,890 00	3,958,892 00	0	590,139 00	3,000	7,044
Pitt Meadows.....	.....	1,732,674 00	.....	1,732,674 00	0	.....	300	14,000
Point Grey.....	8,409,049 00	39,612,520 00	395,341 00	40,007,861 00	0	4,483,809 00	16,000	12,000
Richmond	689,000 00	6,767,007 00	84,225 00	6,851,232 00	50	805,821 00	7,000	30,000
Saanich	4,163,880 00	24,273,015 00	521,400 00	24,794,415 00	0	156,800 00	8,000	45,000
Salmon Arm.....	707,550 00	1,995,268 00	.....	1,995,268 00	0	10,500 00	1,500	46,080
South Vancouver.....	9,436,226 00	43,815,310 00	935,445 00	44,750,755 00	0	5,699,546 10	39,500	9,200
Spallumcheen	541,985 00	2,912,560 00	.....	2,912,560 00	0	114,499 25	3,500	65,000
Sumas	195,940 00	991,228 00	.....	991,228 00	0	5,500 00	600	19,100
Summerland	1,316,275 00	2,926,280 00	.....	2,926,280 00	0	340,500 00	2,500	13,000
Surrey .....	.....	6,243,034 00	.....	6,243,034 00	0	1,333 00	5,000	76,000
West Vancouver.....	532,610 00	4,651,620 00	136,700 00	4,788,320 00	0	697,551 00	1,000	24,320
Total.....	\$45,830,879 00	\$229,806,960 09	\$4,670,929 00	\$234,477,889 09	..	\$20,052,618 59	143,750	888,738.46

(a) Data furnished by Robert Baird, inspector of municipalities.

vision at the very beginning. Nanaimo has never taxed buildings and improvements.

An interview with Mr. A. E. Planta, manager of the Dominion Trust Company of Nanaimo, and at present mayor of the city, revealed the interesting fact that, in Nanaimo, the question of abolishing the land tax is receiving serious consideration. The situation, as explained by Mr. Planta, is that land values alone, with the present limitation of the tax rate, do not form a base great enough to supply the necessary revenue for the city. The assessment of land is at present very close to real values. There has been a little complaint because of the burden of the system, and the citizens, Mr. Planta testifies, are quite willing to be taxed on the basis of land values up to the limit of the legal tax rate. Recently the city has been paying for as much of its work as possible on the frontage-tax basis, and, by making generous use of this method, it may be found unnecessary to modify the present tax base.

In summary it may be said that in such parts of British Columbia as are not organized into municipalities, no special concessions are allowed for improvements. Within municipalities improvements may not be taxed at more than fifty per cent. of their value. Of the sixty-one city and district municipalities, thirty-nine exempt improvements entirely and seventeen tax them at the maximum rate allowed by law, fifty per cent. The practice varies in the remaining five municipalities.

Until recently the movement seems to have been spreading. It should be noted that for more than twenty years a general law has forbidden the taxation of improvements in municipalities at more than fifty per cent. of their value. The system is no new thing in British Columbia. It should be observed also that the option as to whether further concessions be granted to improvements rests entirely with the municipalities, an arrangement which enables them to make the changes at times which seem propitious. By this method British Columbia has avoided the difficulties encountered in Alberta.

1. VANCOUVER

THE CITY

Vancouver, with a population of 106,110, is the largest city in British Columbia. Its population is rapidly shrinking, however, being smaller by 16,000 than it was two years ago.⁽¹⁾ Before 1886 Vancouver was a very small settlement known as the Town of Granville. The city got its first real start when in 1887 the Canadian Pacific Railway decided to bring its terminal there from a point further up the inlet in order to secure the advantages of a better deep-water harbor. It received another great impetus when the Canadian Northern Railway and the Grand Trunk Pacific Railway decided to use Vancouver as a western terminal.

Vancouver is located on the north edge of a tongue of land extending west into navigable salt water. This strip is approximately five and a half miles wide between Burrard Inlet on the north and the Fraser River on the south. The tip of this tongue of land is split by English Bay and False Creek. The city lies along Burrard Inlet and around English Bay and False Creek. It occupies an area irregular in width, the widest point being approximately three and a half miles. The city stretches east and west for a distance of about eight and one-half miles.

In several respects Vancouver resembles New York. Its business section is crowded into a relatively narrow district between False Creek and the inlet, so that the relationship of the business section to navigable water is not unlike that in lower Manhattan. Another resemblance lies in its position in regard to suburbs. Seldom does so large a proportion of the people whose business interests are centered in a city live outside the corporate limits as is the case in Vancouver. Across the inlet lies North Vancouver, a separate municipality, connected with the heart of the business section of Vancouver by a five-cent ferry. To the east lies Burnaby and to the south, South Vancouver and Point Grey, all separate municipalities and all connected with the center of the city by street-car service. Most of the people in all of these municipalities carry on business in Vancouver. One passes from Vancouver proper to these separate municipalities without noticing any change in the general development of the real estate. Economically the whole peninsula is practically a unit. South Vancouver is settled largely by workingmen from Vancouver. In Point Grey is the district known as "Shaughnessy Heights," the choice residential section.

The large population of the suburbs is caused by the incorporation of extensive areas as municipalities before it was possible to determine the natural economic limits of the future cities. These corporate lines now form very real obstacles to annexation proposals. Vancouver cannot extend

(1) In 1913 the figure was 114,220, and in 1912, 122,100. The city census is made annually by the assessment commissioner by means of a house-to-house canvass during the last six months of the year.

her limits without affecting the limits of other municipal corporations. This suburb situation not only has an effect upon the financial problem of Vancouver but obviously it renders almost useless any comparisons on the area or *per capita* basis with the prairie cities, where usually all the territory that can possibly be construed as a part of the city is included within the city limits.

Vancouver resembles New York, moreover, in its dependence upon the transportation facilities for its economic welfare. First of all it has a fine natural harbor and a great expanse of water front; 11,564 vessels entered the harbor in 1913, representing a total tonnage of 7,380,472 tons. The harbor is the historical reason for the establishment of the western terminus of the Canadian Pacific Railway at Vancouver. Its transportation facilities, moreover, are constantly being improved. A branch of the Great Northern Railway reached Vancouver in 1908 and two Canadian transcontinental lines are under construction which will depend on Vancouver for western terminal facilities. These are the Canadian Northern and the Grand Trunk Pacific.⁽¹⁾ In addition to the steam roads the British Columbia Electric Company has constructed an electric line about sixty miles up the Fraser River valley which brings much freight to the city. Improvements are being made in False Creek, a shallow, salt-water inlet, which will increase still further the terminal facilities and available deep-water frontage of the city. Part of the creek is to be filled in, most of the new land being divided between the Canadian Pacific and the Great Northern Railways. Vancouver, moreover, is eagerly looking forward to the opening of the Panama Canal which is expected to have a great influence in stimulating the economic prosperity of the whole Canadian West and consequently, of the great part of the region. The shortening of the water route to Europe for grain, together with the anticipated reduction in mountain rates due to the completion of the new transcontinental railway lines, should, it is thought, turn westward the movement of grain from the greater part of the prairie section. The shorter water haul to Europe should also widen the market for British Columbia fish and lumber.

Vancouver economic interests are, of course, closely related to those of the entire province, and the interests of the province are centered chiefly in the lumber, fish and mining industries. Such manufacturing enterprises as exist are connected, to a large extent, with lumber or its preparation for use in building. The development of the city is considered somewhat "lopsided" because of this lack of manufactures, and strenuous efforts are contemplated to induce manufacturers to establish themselves there. Vancouver has a sugar refinery which employs some five hundred men. A bonus

(1) The main terminus of the Grand Trunk Pacific is nominally Prince Rupert lying far to the north, and under the agreement by which the railway is being built, no branch lines may be constructed until the main line has been completed. But already, under a different name, the Pacific and Great Eastern Railway, a line is being built connecting Vancouver with the Grand Trunk. Vancouver is expected to receive more benefit from this road than Prince Rupert.

was given to secure this concern. There is also a large packing plant from which much pork is shipped to Seattle. No new industries of importance have been established recently. The high prices which are asked for land are said to be one of the great drawbacks to success in the efforts of the city to secure manufactures.

Among the natural resources of importance, from the point of view of the prosperity of the manufacturers, should be included Vancouver's wealth of water power. The companies which furnish this power are entirely in private hands. In large quantities the current is supplied as low as one-half cent per kilowatt hour.

An abundance of building material of all kinds is present, not only lumber but large quantities of excellent sandstone, gravel, sand and brick clay.

Wholesale grants of concessions to industrial enterprises, such as have been given in some of the prairie cities, have never been resorted to in Vancouver. Indeed the bonus to the British Columbia Sugar Refinery Co., Ltd., seems to be the only one ever given from public sources, unless the railway concessions are considered bonuses. Bonds were issued to the amount of \$30,000 and the proceeds were used to purchase a site which was presented to the refinery. Moreover, water was furnished free of cost for ten years and for some time thereafter at a rate of five instead of seven cents. The water supplied free of cost amounted to approximately \$5,500 per year. The Canadian Pacific concession of 1887 consisted of the exemption from taxation until 1918 of all unsold unsubdivided land belonging to the railroad in the city. In addition terminal facilities on False Creek were recently granted to the Canadian Pacific and the Great Northern Railways.

There has also been only a very small amount of artificial stimulation to growth by public advertising. The official who has charge of this work, the industrial commissioner, received from the city in 1914 a grant of only \$8,020. City grants during 1913 for such purposes amounted to \$22,000.

Much of the opposition to the present system of taxation is based upon fiscal grounds. The financial history of Vancouver, and the general financial situation must therefore be described in some detail.

The table which follows gives the total income, expenditure and balance of Vancouver for each year from 1905 to date, a period including the last two reductions in the tax on buildings. The figures represent the combined General Revenue and Water Works Revenue accounts. Attention should be called to the great growth in the amounts, the expenditure in 1913 being nearly seven times the expenditure of only nine years before. The unfavorable balance at the end of 1913 of nearly a quarter of a million dollars should also be noticed.

SUMMARIES OF THE CONSOLIDATED GENERAL REVENUE AND WATER WORKS REVENUE ACCOUNTS

	Income.	Expenditure.	Balance.
1905	\$696,333 17	\$683,317 97	\$13,015 20
1906(a)	916,148 71	809,230 75	106,917 96
1907	1,280,646 24	1,231,121 16	49,525 08
1908	1,447,173 45	1,388,769 04	58,404 41
1909	1,695,705 62	1,643,617 56	52,088 06
1910(b)	2,366,518 71	2,204,242 01	162,276 70
1911	3,013,930 30	2,876,990 49	136,939 81
1912	4,008,762 30	3,843,033 79	165,728 51
1913	4,386,526 27	4,610,482 93	Minus 223,956 66

(a) Assessment of buildings reduced to twenty-five per cent.

(b) Assessment of buildings eliminated.

How the income from the water works has regularly exceeded expenditure and how the balance has served to bolster up the General Revenue Account are shown by the two statements which follow. Had it not been for the higher water charges and the resulting profit from the water works department, the city accounts would have shown an unfavorable balance in 1905.

SUMMARY OF THE GENERAL REVENUE ACCOUNT

	Income.	Expenditure.	Balance.
1905	\$581,035 25	\$596,593 33	Minus \$15,558 08
1906	785,167 63	729,117 85	56,049 78
1907	1,107,529 19	1,089,776 54	17,752 65
1908	1,243,980 78	1,240,898 10	3,082 68
1909	1,448,467 47	1,447,509 33	958 14
1910	2,044,873 61	1,942,227 26	102,646 35
1911	2,603,710 12	2,580,596 04	23,114 08
1912	3,492,502 39	3,479,912 50	12,589 89
1913	3,885,569 19	4,189,189 66	Minus 303,620 47

SUMMARY OF THE WATER WORKS REVENUE ACCOUNT

	Income.	Expenditure.	Balance.
1905	\$115,297 92	\$86,724 64	\$28,573 28
1906	130,981 08	80,112 90	50,868 18
1907	173,117 05	141,344 62	31,772 43
1908	203,192 67	147,870 94	55,321 73
1909	247,238 15	196,108 23	51,129 92
1910	321,645 10	262,014 75	59,630 35
1911	410,220 18	296,394 45	113,825 73
1912	516,259 91	363,121 29	153,138 62
1913	500,957 08	421,293 27	79,663 81

The great decrease in the net earnings of the water works in 1913, showing a reduction from \$153,138.62 to \$79,663.81, is due in some degree to the decreased gross income, \$500,957.08, as compared with \$516,259.91 in

1912, but in a much greater degree to increased charges for maintenance and sinking fund and interest. The item of "maintenance—city general" increased approximately \$23,000, while sinking fund and interest charges increased about \$51,000 during the year.

Vancouver's expenditures on "general revenue account" increased \$638,368.78 from 1910 to 1911, \$899,316.46 from 1911 to 1912 and \$709,277.16 from 1912 to 1913. Nearly two-thirds of the increase from 1912 to 1913 was due to the increased cost of the debt service. Without counting the increased expense of the water-works debt service mentioned above which amounted to over \$50,000, the expenses of caring for the city's debt amounted to \$459,458.17 more in 1913 than in 1912. This amount is distributed as follows:

Interest and sinking fund charges for all expenses except school and water	\$363,710.01
Interest and sinking fund for schools	42,525.80
Discounts and expenses on treasury bills.....	53,222.36
Total, except water.....	\$459,458.17

In 1913 the total cost of the debt service in Vancouver, including water works, was \$1,502,242.37, approximately one-third of the total expenditure from the Revenue and Water Works accounts.

A picture of the financial operations in Vancouver for 1913 is furnished by the General Revenue Account statement slightly modified, which is reproduced below:

GENERAL REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1913

Income.		
General taxes, 1913, gross levy.....	\$3,221,650.55	
Less rebates and adjustments.....	270,096.65	
		\$2,951,553.90
Local Improvement taxes, 1913—		
Paving	\$126,579.14	
Cement walks.....	37,891.37	
Sewers	3,634.25	
		168,104.76
Street sprinkling taxes, 1913.....	\$6,333.85	
Ornamental lighting taxes, 1913.....	7,063.39	
		13,397.24
Government grants for schools.....		167,678.85
Sundry licenses	\$157,579.00	
Sundry rentals	18,456.85	
Sundry fees and receipts.....	397,043.09	
		573,078.94
Interest on commutations.....		98.50
School trustee's credits.....		10,780.00
Adjustment of unexpired insurance.....		877.00
		\$3,885,569.19
Balance, deficit carried to Revenue Surplus.....		303,620.47
		\$4,189,189.66

Expenditure.

General expenditure—

Finance committee.....	\$330,702.83	
Fire and light committee.....	413,516.74	
Police committee.....	397,928.59	
Health committee.....	59,236.13	
Parks committee.....	66,564.34	
Library committee.....	38,987.55	
School trustees, including sinking fund and interest on school debentures.....	823,575.25	
Board of Works.....	916,051.76	
Market committee.....	13,545.27	
Relief committee.....	31,203.62	
		\$3,091,312.08
Interest and sinking fund provision for debentures other than those for water works and school purposes.....	\$1,044,655.22	
Discounts and expenses on treasury bills (net).....	53,222.36	
		1,097,877.58
		<u>\$4,189,189.66</u>

The accompanying(1) table presents the chief items of interest in the revenues and expenditures of Vancouver for the past nine years.

Before 1905 the city accounts were kept in an entirely different manner, and it is therefore impossible to carry back the table given above to earlier years. However, the main items of receipts and expenditures for the earlier years are presented below, even though they are not strictly comparable with the corresponding items for the later years.

RECEIPTS FROM SELECTED SOURCES, 1893-1904

	General Taxes— Millage Rate.	Frontage Taxes and Special Assessments.	Poll Tax.	Percentage Tax on Street Railway Company.
1893.....	\$256,862 40	\$5,124 85	\$10,331 55	.....
1894.....	257,883 32	7,490 20	9,368 25	.....
1895.....	235,248 80	8,670 22	7,849 40	.....
1896.....	247,790 23	10,277 68	8,382 15	.....
1897.....	242,846 74	9,250 85	9,757 05	.....
1898.....	276,064 31	9,772 79	13,594 30	\$50 00
1899.....	279,919 84	13,556 39	12,087 73	895 61
1900.....	257,059 94	16,873 32	14,470 20	874 55
1901.....	367,406 98	22,174 53	14,081 75	1,371 99
1902.....	306,527 51	22,234 26	278 22	3,019 83
1903.....	358,810 68	26,398 71	.....	3,721 08
1904.....	368,093 41	21,466 30	.....	5,556 77

(1) Cf. *infra*, pp. 180-181.

SELECTED ITEMS FROM THE CONSOLIDATED GENERAL

	1905.	1906.	1907.	1908.
INCOME				
Taxation, general—				
Millage rate for given year, net.....	\$413,318.74	\$532,662 89	\$764,373 54	\$839,309 30
Millage rate for given year outstanding..		46,785 62	94,172 75	105,182 85
Frontage taxes and special assessments—				
Paving	17,295 32	22,713 38	25,574 45	33,871 88
Cement walks.....	2,562 60	9,898 62	15,594 68	15,705 38
Sewers	1,342 62	1,352 11	1,341 25	2,451 45
Street sprinkling.....	1,040 42	1,084 60	1,058 32	1,058 32
Ornamental lighting....	.....	.....	.....	.....
Percentage Tax on Street Railway Company	6,957 10	10,163 38	16,366 96	23,182 43
Water Works—				
Rates	115,297 92	130,981 08	172,490 81	202,637 48
Miscellaneous .....	.....	.....	626 24	555 19
Licenses	44,058 20	63,470 37	70,154 36	73,496 75
Fees, permits and sundry receipts	14,217 90	38,229 57	.....	.....
Subventions	62,443 22	57,779 65	67,218 65	79,761 45
Miscellaneous income.....	17,799 13	1,027 44	51,674 23	69,960 97
Deficit .....	.....	.....	.....	.....
Total	\$696,333 17	\$916,148 71	\$1,280,646 24	\$1,447,173 45
EXPENDITURE				
Board of Works.....	\$80,574 99	\$134,098 57	\$215,587 74	\$256,581 61
Water works (except interest and sinking fund)..	35,367 05	25,072 18	60,556 17	63,061 59
School trustees (except interest and sinking fund)..	124,487 67	140,820 31	188,612 14	216,771 79
Interest and sinking fund—				
School	21,979 50	24,697 00	29,996 05	34,876 83
Water	51,357 59	55,040 72	80,788 45	84,809 35
General	129,106 26	167,694 86	206,427 93	240,558 10
Miscellaneous expenditure..	240,444 91	261,807 11	449,152 68	492,109 77
Balance	13,015 20	106,917 96	49,525 08	58,404 41
Total	\$696,333 17	\$916,148 71	\$1,280,646 24	\$1,447,173 45

(a) The gross levy in 1911 of general taxes was \$2,193,251.27. Deducting \$197,137.95, the net levy, \$1,996,113.32 is obtained, of which \$1,812,398.43 was collected and \$183,714.89 was outstanding.

(b) Similarly in 1912, the gross levy was \$3,076,857.21, of which \$281,972.29 was deducted for rebates and adjustments.

(c) In 1913 the general levy was \$3,221,650.55. Rebates and adjustments amounted to \$270,096.65.

REVENUE AND WATER WORKS REVENUE ACCOUNTS

1909.	1910.	1911.	1912.	1913.
\$1,002,507 59	\$1,424,526 65	\$1,812,398 43 (a)	\$2,511,941 21 (b)	\$2,469,974 31 (c)
94,457 30	130,216 65	183,714 89	282,943 71	481,579 59
33,871 90	37,610 15	43,686 20	72,728 06	126,579 14
15,674 70	18,836 28	25,584 22	26,229 46	37,891 37
2,451 45	3,634 25	3,634 25	3,634 25	3,634 25
1,058 34	3,005 00	2,549 18	4,123 95	6,333 85
.....	.....	.....	.....	7,063 39
33,694 41	48,799 41	68,161 38	84,167 93 (d)	81,166 73 (d)
246,413 74	321,256 21	409,542 66 (e)	515,700 60 (f)	500,423 15 (g)
824 41	388 89	677 52	559 31	533 93
81,496 20	135,859 25	148,389 95	149,605 00	157,579 00
.....	116,966 82	134,003 11	174,754 69	315,876 36
89,749 80	109,931 05	126,248 30	149,505 35	167,678 85
93,505 78	15,488 10	54,340 21	32,868 78	30,212 35
.....	.....	.....	.....	223,956 66
<u>\$1,695,705 62</u>	<u>\$2,366,518 71</u>	<u>\$3,013,930 30</u>	<u>\$4,008,762 30</u>	<u>\$4,610,482 93</u>
\$287,970 26	\$464,012 63	\$623,744 78	\$861,040 63	\$916,051 76
89,918 98	207,420 13	273,167 92	348,265 75	281,989 31
255,800 59	336,671 41	408,119 10	546,682 02	640,915 99
51,092 47	64,289 99	84,526 98	142,871 22	185,397 02
106,189 25	114,224 97	137,052 26	167,994 16	218,967 77
327,862 70	397,952 54	505,337 69	680,945 21	1,044,655 22
524,783 31	619,670 34	845,041 76	1,095,234 80	1,322,505 86
52,088 06	162,276 70	136,939 81	165,728 51	.....
<u>\$1,695,705 62</u>	<u>\$2,366,518 71</u>	<u>\$3,013,930 30</u>	<u>\$4,008,762 30</u>	<u>\$4,610,482 93</u>

(d) Nothing is given here for interurban percentages.

(e) The gross levy of water rates in 1911 was \$491,674.61, discounts and allowances, \$82,131.95, leaving \$409,542.66.

(f) The gross levy of water rates in 1912 was \$618,202.46.

(g) The gross levy of water rates in 1913 was \$671,509.35.

RECEIPTS FROM SELECTED SOURCES, 1893-1904—*Continued*

	Water Works.	Subventions for Schools, Fire Department and Hospital.	Licenses.
1893.....	\$52,096 31	\$12,809 54	\$28,481 50
1894.....	58,924 70	20,719 64	28,102 75
1895.....	50,001 07	21,872 88	22,934 10
1896.....	46,246 27	23,016 18	27,150 25
1897.....	49,339 54	24,048 34	27,975 50
1898.....	58,932 36	25,865 84	29,677 15
1899.....	65,990 69	23,000 50	30,660 25
1900.....	80,408 69	41,944 48	32,055 85
1901.....	79,762 49	40,253 24	33,125 25
1902.....	88,174 84	54,289 46	38,047 30
1903.....	93,507 35	51,280 07	39,175 55
1904.....	104,761 19	53,242 46	39,911 15

EXPENDITURES FOR SELECTED PURPOSES, 1893-1904

	Finance Committee.	School Trustees.		Works Committee.	Water Works Committee.	
		Current.	Sinking Fund.		Current.	Sinking Fund.
1893.....	\$92,482 85	\$55,532 47	.....	\$75,184 08	\$19,566 02	\$38,805 58
1894.....	106,811 36	47,537 33	.....	69,013 45	14,385 60	38,650 38
1895.....	105,750 25	46,472 02	.....	58,319 24	30,491 73	38,650 38
1896.....	107,422 65	48,162 87	.....	41,269 73	17,951 23	38,650 38
1897.....	111,768 35	48,051 20	.....	50,630 55	17,748 59	42,120 38
1898.....	122,624 51	53,089 82	.....	76,531 77	29,467 13	42,120 38
1899.....	117,562 84	56,296 27	.....	110,672 28	24,666 31	43,870 38
1900.....	116,484 60	66,184 62	\$12,114 98	118,072 14	47,347 96	48,797 75
1901.....	129,135 57	78,542 18	14,864 00	108,851 85	20,903 38	48,797 75
1902.....	130,331 93	88,525 75	14,917 59	91,110 85	25,846 68	49,777 35
1903.....	137,027 42	91,430 90	14,407 35	100,455 32	49,527 25	50,017 45
1904.....	162,720 24	111,871 95	21,871 50	69,107 54	70,616 17	48,431 81

In 1894 Vancouver's debt was approximately two million dollars. Not until 1905 did it pass the four million mark. The next ten-year period shows a much more rapid increase. By 1908 the debt had doubled. By 1912 it had reached the sum of twenty-two and one-half millions, and by 1913 nearly thirty-one millions. The total outstanding debentures by years, together with the amounts issued for general purposes as distinguished from those issued for local improvement purposes, are given in the following table:

OUTSTANDING DEBENTURE INDEBTEDNESS

	General Debentures and Registered Stock.	Local Improvement Debentures.	Total.
1894 (a).....	\$1,815,351 20	\$187,100 00	\$2,002,451 20
1895.....	1,815,351 20	187,100 00	2,002,451 20
1896.....	1,808,451 20	187,100 00	1,995,551 20
1897.....	1,928,451 20	187,100 00	2,115,551 20
1898.....	1,938,451 20	281,000 00	2,219,451 20
1899.....	2,053,451 20	341,490 00	2,394,941 20
1900.....	2,235,451 20	347,490 00	2,582,941 20
1901.....	2,352,451 20	352,340 00	2,704,791 20
1902.....	2,458,951 20	373,090 00	2,832,041 20
1903.....	2,610,951 20	426,090 00	3,037,041 20
1904.....	3,109,951 20	467,936 00	3,577,887 20
1905.....	3,507,451 20	743,729 67	4,251,180 87
1906.....	4,018,351 20	743,729 67	4,762,080 87
1907.....	5,007,851 20	1,218,647 12	6,226,498 32
1908.....	7,585,851 20	1,243,647 12	8,829,498 32
1909.....	8,982,851 20	1,365,513 73	10,348,364 93
1910.....	11,190,751 20	1,617,514 75	12,808,265 95
1911.....	14,008,751 20	1,776,650 45	15,785,401 65
1912.....	20,426,351 20	2,084,401 01	22,510,752 21
1913.....	25,539,151 20	5,249,734 26	30,788,885 46

(a) On December 31st of each year.

A sinking fund system is used, annual payments being made from current revenues for the purpose of providing for the eventual retirement of the debentures. The facts for each year in regard to the condition of the sinking fund, together with the manner of its investment, are presented in the following table:

SINKING FUND ASSETS

	Invested in Vancouver Debentures.	On Deposit in Bank.	Loans on Farm Properties.	Miscel- laneous.	Total.
1895.....	none	\$36,989 19	\$89,734 99	\$3,142 28	\$129,866 46
1896.....	none	53,792 32	96,034 99	3,802 64	153,629 95
1897.....	\$79,134 99	1,128 75	98,325 00	5,959 74	184,548 48
Loans on Real Estate, Investments, and Miscellaneous.					
1898.....	116,134 99	700 33	\$104,044 13		220,879 45
1899.....	166,153 34	1,271 66	89,918 88		257,343 88
1900.....	221,718 34	504 59	79,319 95		301,542 88
1901.....	275,442 49	878 22	74,103 39		350,424 10

	Invested in Vancouver Debentures.	On Deposit in Bank.	Loans on Real Estate, Investments, and Miscellaneous.	Total.
1902.....	\$327,419 99	\$1,891 26	\$70,544 29	\$399,855 54
1903.....	385,069 99	47 32	67,570 39	452,687 70
1904.....	.....	.....	.....	514,668 98
1905.....	425,585 59	104,298 84	57,703 00	587,587 43
1906.....	429,570 99	197,091 55	48,147 50	674,810 04
1907.....	554,560 61	222,299 54	39,086 55	815,946 70
1908.....	554,560 61	380,808 53	28,492 12	963,861 26
1909.....	676,427 22	447,908 14	19,001 55	1,143,336 91
1910.....	966,028 24	331,773 24	15,759 05	1,313,560 53
1911.....	1,125,163 94	406,280 46	10,959 05	1,542,403 45
1912.....	1,544,014 50	297,285 43	14,911 30	1,856,211 23
1913.....	1,697,347 75	518,343 33	3,852 50	2,219,543 58

Even if the policy of liberal borrowing should be immediately discontinued, it would be some years before relief from heavy debt charges could be secured. Only small numbers of the general bonds fall due before 1923. The city has already curtailed very greatly the construction of local improvements. There is now under way some expensive viaduct construction, and the city is face to face with a serious problem in connection with the disposal of its sewage. General observation in Vancouver tends to create the impression that there is no lack of objects for which money might well be spent. On the whole, the immediate financial outlook is not bright. A much higher tax rate or a change in the tax system seems to be the alternative which is before the citizens of Vancouver.

THE TAX SYSTEM

Dominion and Provincial Taxes

The citizens of Vancouver are, to a greater extent than is the case of the prairie cities, subject to the taxation by higher governmental authorities. Not only do the provincial customs and excise rates apply, but the province adds to the city taxes important direct charges on property.

The province leaves real estate entirely to the city for tax purposes, but it retains for its own purposes the taxation of the income and the personal property of the residents of the city. The items of personal property which are levied upon for provincial purposes are, in the main, automobiles, movable boilers and machinery, stock-in-trade and ships and watercraft. Such important items of personal property as mortgages, household furniture and effects and wearing apparel are exempt. Until recently a poll tax was levied by the province, the proceeds of which were given to the city to be used for school purposes.

All income received by residents of the city is taxable except that which is covered by the \$1,000 initial exemption and that which may be offset by

the tax on personal property under the arrangement outlined in the section of the revenue law already quoted.(1)

The following table shows the provincial receipts from the tax on property and income in the Vancouver assessment district for the past three years:

VANCOUVER ASSESSMENT DISTRICT
RECEIPTS FROM TAX ON PROPERTY AND INCOME

	1912.	1913.	1914(a).
Income—			
Personal property	\$109,411 20	\$121,530 53	\$174,866 95
Class A (taxed at 1 per cent.)..	21,084 75	28,016 92	34,217 18
Class B ($1\frac{1}{4}$ per cent.).....	9,063 80	11,370 60	12,527 80
Class C ($\frac{1}{2}$ per cent.).....	9,144 91	11,566 38	10,027 32
Class D (2 per cent.).....	21,523 88	29,440 94	27,924 32
Class E ($2\frac{1}{2}$ per cent.).....	82,737 17	126,807 20	136,846 90
Total receipts from incomes.....	143,554 51	207,202 04	221,543 52
Total receipts from taxes on personal property and income	252,965 71	328,732 57	396,410 47
Discounts (b)	25,288 62	32,863 23	39,629 23
Total net receipts.....	227,677 09	295,869 34	356,781 24

(a) Figures for period ending June 30, 1914.

(b) A ten per cent. discount is allowed on provincial taxes if paid before June 30th.

The assessment officials believe that much income and personal property could be added to the assessment rolls if funds were granted them for additional aid on their staff. They frankly admit that they are not entirely successful in their assessments, particularly of income. This is in spite of the fact that they have the power, seldom exercised, to compel property owners to swear to the correctness of their returns and to compel employers to submit a list of their employees who receive a larger salary than one thousand dollars a year.

Sources of City Revenue

The tax on land yields the great bulk of the revenue of the city of Vancouver. In 1913, when the revenue account showed total receipts of \$4,386,526.27, the income from the taxes on land amounted to \$2,951,553.90, or two-thirds of the total. Of the remaining amount, the income from the water works supplied about one-third (\$500,957.08). The next largest amount was the receipts from local improvement taxes, \$168,104.76. Over half of the revenue collected by the provincial government through income and personal property taxes was returned to the city in 1913 in the form of a government subvention for schools (\$167,678.85). Licenses brought in \$157,579, of which \$101,610 came from the liquor licenses, \$11,191.80 from licenses on pool and billiard tables, \$6,920 from theater licenses and the remainder from miscellaneous charges. The only other source which pro-

(1) R. S., B. C., 1911, c. 222, s. 11; 1913, c. 71. Cf. *supra*, p. 164.

duced more than \$100,000 was interest on deposits and advances which yielded \$134,929.37. A percentage on the receipts of the British Columbia Electric Railway Company netted the treasury \$81,166.73.

Special Assessments and Frontage Taxes

Frontage taxes and special assessments are levied to pay the cost of opening and improving streets, of special street lighting and of sprinkling. These are not used to construct sewers and water mains. The city from general funds pays the cost of improving street intersections and gives special aid to the owners of corner lots. It pays for a fifteen foot strip of street pavement on streets where car tracks are laid and gives special assistance when streets are more than sixty-six feet in width.

Building materials are very inexpensive in Vancouver and payments are spread over a long period of years. But on the other hand both the streets and the lots are wide. The cost of local improvements to property owners is higher, on the whole, here than in some of the other cities, the annual charge to the owner of a thirty-three foot lot fully improved being estimated at \$42.24.

It is the testimony of a number of citizens that the local improvement charges are bearing heavily upon the property owners at the present time.

History of the Real Estate Tax

The first charter of the city of Vancouver was granted in 1886. An examination of the charter as it stood in 1891 shows that at this early date it provided that land and improvements should be assessed separately and granted full power to the council to exempt improvements, wholly or in part, from taxation. In 1895 the city council took advantage of the power given it in the charter and reduced the assessment on buildings fifty per cent. This resulted in a reduction of the tax base from \$18,301,084 to \$15,988,554, but no increase was made in the tax rate. The receipts from taxation dropped from \$257,883.32 in 1894 to \$235,248.80 in 1895. In 1905 an unsuccessful attempt was made to reduce the assessment on buildings from fifty per cent. to forty per cent. The vote defeating the motion stood eight to three.(1) In discussing the question in the council the argument was used that this system would reach the non-resident owner of vacant land who should be taxed heavily because he was benefiting by the industry of others. Moreover, the vacant land, it was pointed out, was a menace partly because it served as a shelter for criminals. The following year, 1906, a proposal to reduce the assessment on buildings to twenty-five per cent. of their value was carried by a large majority of the council. It was urged at the council meeting(2) that such a tax would put a premium on building, and this was desirable because the city contained too many vacant lots. Those who opposed the measure pointed out that it would favor unduly the man who could afford

(1) *The Single Tax Review*, May-June, 1911, p. 65, *et seq.*

(2) *Ibid.*, p. 66 *et seq.*

to build large buildings, that buildings should be taxed at least enough to pay for fire and police protection, and that the exemption of buildings might mean a higher tax rate. In spite of the reduction in the assessed value of buildings the assessment base in 1906 showed an increase of approximately \$6,000,000 (\$28,623,670, as compared with \$22,641,765 for 1905). The fears of those who had anticipated an increased tax rate, however, proved not to be groundless, for in spite of this increase in the tax base, the net tax rate was increased two mills. So large an increase was evidently unnecessary, for at the end of 1906 the city accounts showed a cash balance of \$106,917.96, as compared with the cash balance of the preceding year, \$13,015.20. In addition, at the end of the year, the sum of \$46,785.62 was outstanding in unpaid taxes.

Buildings continued to be assessed at twenty-five per cent. of their value until 1910, when the city council decided to exempt improvements entirely from taxation. The proposal to untax buildings entirely was one of the planks in the platform of Mr. L. D. Taylor, who was elected mayor for the year 1910. This issue was not particularly emphasized in the campaign, so that the election of Mayor Taylor cannot be said, strictly speaking, to have been a distinct victory for the single tax proposal. In fact, there has never been in Vancouver a direct expression of popular sentiment on the question, though in the 1910 campaign the plank to exempt buildings from taxation was made something of an issue in several of the aldermanic contests. No increase in the tax rate was necessary in 1910, the tax base increasing nearly one-third in spite of the lower assessment of buildings.

Since 1910 the council has each year decided to continue the plan of entirely exempting buildings from taxation.(1)

Charter Provisions

The city of Vancouver operates to-day under the 1886 charter as amended at various times.(2) This charter provides that "it shall be the duty of the assessor or the assessors annually to make an assessment of all the rateable property in the city, and to report the same with such particulars as the council may require." "All rateable property shall be estimated at its actual cash value as it would be appraised in payment of a just debt from a solvent debtor, *the value of the improvements, if any, being estimated separately from the value of the land on which they are situate.*"(3) The specific power to exempt improvements is conferred in the following clause: "The council may, by by-law, exempt from taxation, wholly or in part, any improvements, erections and other buildings erected on any land within the city, notwithstanding that they may be part of the real estate."

(1) For the present status of opinion among the aldermen of Vancouver on the question, *cf. infra*, pp. 211-214.

(2) Original Charter, 49 Vict., 1886, c. 32, s. 34; Act to Revise and Consolidate, passed August 31, 1900, 64 Vict., c. 54; *cf.*, also, 1891 edition of Charter, c. 72, s. 18.

(3) Italics are the writer's.

The city council is designated as a court of revision and of equalization. The debt limit is fixed at twenty per cent. of the "assessed value of real estate of the said city, computed on an average taken from the assessment roll for the two years antecedent to the creation of the debt." Debt incurred for the purchase of public utilities may be disregarded so far as the debt limitation is concerned. In spite of the fact that the city has for the last five years not taxed buildings at all, they continue to be counted as part of the "real estate" whose value is used as a basis for computing the legal amount of the city's debt. This practice differs from that in the prairie provinces where a decrease in the tax base means a decrease in the debt limit. In Vancouver the fact that the council has the power to return to the tax on buildings at any time makes the building value potentially a resource, and the practice of Vancouver can be easily justified on that ground. The tax limit for all purposes except interest, sinking fund and schools is 13.33 mills.

Property Taxed and Exempted

In Vancouver the city assesses nothing but land and improvements, and both are always assessed whether buildings are taxed or not. The reason for this is that, at the time when the assessment is made, the decision as to whether buildings shall be taxed has not been made. This decision rests with the city council. Nominations for aldermen are made the first Thursday in January and the election is held one week later, the new aldermen taking office the following Monday. It is necessary that the assessment rolls be in such shape that the new council shall have the opportunity to tax buildings if it cares to do so when it assumes control.

The definition of real estate in force in the city is so interpreted as to embrace such machinery, including boilers, as are "fixtures." The street railway is assessed upon its real estate in addition to the percentage tax,⁽¹⁾ which is levied upon its earnings.

The powers of taxation of the city so far as subjects of taxation are concerned have always been practically the same as they are to-day. The city has never been permitted to tax personal property or incomes, these items being left to the province.

The exemptions in Vancouver are very narrow. Even the property of churches and of private schools, except incorporated seminaries, is taxed. Practically the only property exempted, aside from that which falls within the scope of the exemption provisions of the charter, is a tract of land at the time unsubdivided belonging to the Canadian Pacific Railway. Most of the land owned in the city by the Canadian Pacific has always been taxable, but in 1887, when the railway located its shops and round houses in Vancouver, a special provision was made, under the terms of which a tract about a mile long bordering along the inlet was exempted for thirty years as an

(1) Cf. *supra*, p. 186.

inducement to the railway to choose Vancouver, rather than some other place. This property will become taxable in 1918.(1)

The Process of Assessment

The assessment of property is made annually by the assessment commissioner and a corps of assistants during a period which ends December 31st. Therefore, the property is assessed in one year for the taxes which are levied the next. The assessment notices are usually sent out early in February. Fifteen days must elapse before the meeting of the court of revision which is composed of the members of the city council. In actual practice the court usually begins its sessions late in February.

Assessment Data

As is to be expected, the land values assigned by the assessor represent not only the pure site value of the land but also the value due to certain expenditures of capital. The assessor, however, sometimes makes allowance for the expense to which a man has been put because of the necessity for artificial filling and the construction of retaining walls, but this allowance seldom continues for more than a few years. The following table shows the assessed values of lands and improvements and the composition of the tax base for the years designated. It will be noted that the exemption of fifty per cent. of all buildings from taxation in 1895 resulted in a slight decrease in the tax base, but that both in 1906 and 1910, when further decreases in assessment of buildings were made, no decrease appears in the tax base, instead a very considerable increase in both cases.

The assessment commissioner of Vancouver testifies that the steady rise in the value of lands in the years immediately preceding 1915, apparent from

(1) The exemptions, as stated in the city charter, are as follows:

(a) All property vested in or held by His Majesty, or vested in any public body or body corporate, officer or person in trust for His Majesty or for the public use of the Province, and also all property vested in or held by His Majesty or any other person or body corporate in trust for or for the use of any tribe or body of Indians, and either unoccupied or occupied by some person in an official capacity:

(b) When any property mentioned in the preceding clause is occupied by any person otherwise than in any official capacity, the occupant shall be assessed in respect thereof, but the property other than the improvements placed or affixed thereon by the occupant itself shall not be liable:

(c) The buildings and grounds of and attached to and belonging to every university, college, high school, public free library, public hospital, or any incorporated seminary of learning, mechanics' institute, the land of any agricultural or horticultural society, or any incorporated charitable institution, whether vested in trustees or otherwise, so long as such building and grounds are actually used and occupied by such institution, or if unoccupied, but not if otherwise used or occupied; provided, that such grounds shall not exceed in extent the amount actually necessary for the requirements of the institution. The question as to what amount of land is necessary shall be decided by the Court of Revision, whose decision shall be final:

(d) The property belonging to the City, whether occupied for the purposes thereof or unoccupied, but not when occupied by any person as a tenant or lessee or otherwise than as a servant or officer of the City for the purposes of said City:

(e) Every public poor-house, alms-house, orphans' asylum, house of industry and lunatic asylum, and every house belonging to a company for the reformation of offenders, and the real property belonging to or connected with the same, and used in connection therewith.

the assessment figures given, represents a very general increase in values throughout the city, that is, the increase in the total assessed value of lands represents an increase in all sections rather than an increase in a few particular sections and stationary or decreasing values in other sections.

ASSESSED VALUES OF LAND AND IMPROVEMENTS AND THE COMPOSITION OF THE TAX BASE, 1887-1914

Year.	Assessed Values.			Legal Valuation of Improvements.	Total Tax Base.
	Land.	Improvements.	Total Land and Improvements.		
1887....	\$2,456,842 00	\$182,235 00	\$2,639,077 00	100%	\$2,639,077 00
1888....	2,786,509 00	677,096 00	3,463,605 00	"	3,463,605 00
1889....	5,275,596 00	730,027 00	6,005,623 00	"	6,005,623 00
1890....	8,077,505 00	1,326,940 00	9,404,445 00	"	9,404,445 00
1891....	10,447,420 00	1,501,665 00	11,979,085 00	"	11,979,085 00
1892....	14,061,311 00	2,586,401 00	16,647,712 00	"	16,647,712 00
1893....	16,032,744 00	2,832,960 00	18,865,704 00	"	18,865,704 00
1894....	15,513,604 00	2,787,480 00	18,301,084 00	"	18,301,084 00
1895....	13,829,724 00	4,317,660 00	18,147,384 00	50%	15,988,554 00
1896....	13,109,394 00	4,278,680 00	17,388,074 00	"	15,248,734 00
1897....	13,000,869 00	4,441,490 00	17,442,359 00	"	15,221,614 00
1898....	12,672,649 00	4,551,740 00	17,224,389 00	"	14,948,519 00
1899....	12,705,099 00	5,011,190 00	17,716,289 00	"	15,210,694 00
1900....	12,826,905 00	6,726,740 00	19,553,645 00	"	16,190,275 00
1901....	12,792,530 00	7,440,600 00	20,233,130 00	"	16,512,830 00
1902....	12,842,150 00	8,223,220 00	21,065,370 00	"	16,953,760 00
1903....	13,845,565 00	9,091,270 00	22,936,835 00	"	18,391,200 00
1904....	14,440,935 00	10,247,920 00	24,688,855 00	"	19,565,895 00
1905....	16,739,640 00	11,804,250 00	28,543,890 00	"	22,641,765 00
1906....	25,101,760 00	14,087,640 00	39,189,400 00	25%	28,623,670 00
1907....	38,346,335 00	16,381,475 00	54,727,810 00	"	42,441,703 75
1908....	41,641,870 00	20,127,035 00	61,768,905 00	"	46,673,628 75
1909....	48,281,330 00	24,405,210 00	72,686,540 00	"	54,382,632 50
1910....	76,881,820 00	29,572,445 00	106,454,265 00	0%	76,881,820 00
1911....	98,720,345 00	37,858,660 00	136,579,005 00	"	98,720,345 00
1912....	138,557,595 00	53,515,295 00	192,072,890 00	"	138,557,595 00
1913....	144,974,525 00	68,010,654 00	212,985,179 00	"	144,974,525 00
1914....	150,456,660 00	76,199,743 00	226,656,403 00	"	150,456,660 00
1915(a).	145,603,952 00	79,137,378 00	224,741,330 00	"	145,603,952 00

(a) Subject to modification by the court of revision.

Relationship of Assessed Values to True Values

The degree of success which has been attained by the assessment officials of Vancouver in their attempt to reach a full, fair valuation of property for taxation is a matter about which there is the greatest difference of opinion among the citizens of Vancouver. This is due largely, of course, to the uncertainty which exists as to what is the real value of property, particularly land. This uncertainty, in turn, is due to the general economic situation in Vancouver—to the rapid growth and the varying and conflicting views of its citizens as to the future of the city. So far as buildings are concerned, the assessment commissioner states that before 1905 it was the custom to set down as the initial assessments about seventy-five per cent. of the

cost. In late years the percentage has been higher. Until the last two years it was the custom to allow nothing for depreciation because the rise in the cost of materials and labor was considered to make such an allowance unnecessary.(1)

The rule laid down in the charter for the guidance of the assessor in valuing a piece of land is that it shall be valued at a price at which it "would be appraised in payment of a just debt from a solvent debtor." During practically the entire history of the city this rule has been interpreted as a direction to make the assessment very conservative in cases where the speculative element in the value of land is large. The assessor estimates that before 1893 the assessed values of lands represented only about seventy-five per cent. of even a fairly conservative estimate of their selling value. In this year values approached very closely to a fair market price. Under-assessment began to appear almost immediately, and in 1900 the assessment was once more clearly low, not representing more than seventy-five per cent. of a conservative valuation. The 1914 assessment, the assessor believes, is a full valuation of the land; although, he admits, it is a fairly conservative one. The assertion that the assessment is conservative is supported by the evidence of the small number of the appeals to the board of review by persons dissatisfied with their assessments, and by the exceedingly insignificant number of appeals allowed. In 1914 there were only eighty-seven appeals and of this number three were allowed. The action on two of the three objections which were allowed was taken at the request of the assessor. The assessor does not claim that his figures represent the prices at which property was selling during boom times. His aim was to make his estimate conservative enough to render unnecessary a contraction of the tax base in time of reaction. In other words, he refused to consider part of the speculative value which was apparent in the sale prices during the boom period as representing any real value. He testifies that he has been able to use sales to a very slight extent in fixing his assessment values.

In support of his claim that his present assessment does not represent an under-valuation of the land, Assessment Commissioner Painter cited a large number of land sales made recently. A few of his examples are these:

A forty-five foot lot on Main Street was assessed for \$39,600. At this time the owner, who was not compelled to sell, advertised the lot for sale at \$30,000. Eventually he sold the lot for \$27,000.

A twenty-five foot lot in Granville Street is assessed at \$22,000. The price paid for the land in a recent sale, which was not in any sense forced, was \$20,000.

A lot which was assessed at \$1,275 sold under a long-time payment agreement for \$1,500.

Another assessed at \$3,375 sold recently for \$4,000, although it was worth \$7,500, on the basis of sales of similar lots in the vicinity some time ago.

(1) The trade union officials deny that there has been any increase in the cost of labor since 1907.

The unstable condition of land values is illustrated well by two further examples :

A lot in McGill street, for which an individual paid \$4,200, was advertised in May for \$2,100. Later the owner accepted \$1,900.

Another lot which was supposed to be worth \$5,000 sold recently for \$1,800.

In view of such conditions in the real-estate market, it is not surprising that there should be a great difference of opinion as to the percentage of real value represented by the assessment figures. In conversation with various citizens, the greatest conflict in judgments became evident. Ex-Mayor Taylor stated that in 1910 the assessment of lands was only thirty-five per cent. of the cash value of the lands. Alderman Enright testified that the present assessment does not represent more than forty per cent. of what land was selling for two years ago. Alderman James estimated that, on the whole, land is assessed about fifty per cent. of its true value at present, but that some sections are assessed at a higher rate than others, the valuations running from forty to seventy per cent. of true value according to the locality. Alderman Hepburn thought that property in general was assessed at about 60 per cent. of its true value. The last two said that property in the outlying sections was over-valued as compared with business property. Alderman Crowe, on the other hand, although admitting that there is a good deal of unevenness in the assessment, believed that the property in the business section was greatly over-valued as compared with property in the outskirts. Property, he believed, in the central business district was assessed for its full value but in the outlying districts property was under-valued as much as forty per cent. Alderman Kirkpatrick, disagreeing with most of the others, stated that the total assessment was "pretty well up to value," some of it being assessed at even more than it was worth. Mr. Wade was under the impression that the assessment closely approached actual value. Mr. T. L. Smellie, manager of the Canada Permanent Mortgage Corporation, thought that on the whole the assessment was well within the real value of the land.

Bewildered by this conflicting testimony, help was sought from the two special assessment commissioners who were appointed in 1914 to assist the regular assistant commissioner in equalizing the assessment of real estate on the 1915 tax roll. Both of these gentlemen, Mr. J. P. Nicolls and Mr. J. W. Allan, agreed that the land value situation over the entire city, except for two or three streets in the business section, was simply "chaotic." Mr. Allan believed that on Hastings Street the values could be considered fairly staple and that the assessment there represents about two-thirds of the actual cash value of the land. He believed that there has been no substantial decrease in values in the business section or in the strictly residence section but that there has been a considerable drop in values in the semi-business zone, where the property is potentially business property and where the sites have an imputed value due to the fact that they are expected to be in demand for

business purposes sooner or later. With the decline of activity in business circles, the estimate of real-estate men and property owners as to how soon this property will be demanded for business purposes has decreased considerably. Mr. Nicolls stated that the very best business property in town is valued for loan purposes at \$3,500 a front-foot. The assessment on this type of property at present is \$2,500 a front-foot. This is in spite of the fact that some of it has sold as high as \$6,000 a foot front. When Mr. Nicolls and Mr. Allan, who are both very prominent real estate men, started on their task of equalizing the assessments in the city, they thought seriously of raising this valuation upon the choice business property to \$2,700 a foot front but, after due consideration, it was decided that this step was not wise. The general rule which they had adopted in making their valuations was that land should be assessed at from seventy to eighty per cent. of its market price. Its market price, however, was not to be the market price of 1912. In many cases, to secure the present market price, it would be necessary to cut in two the prices which were prevalent two years ago.

The special assessment commissioners have not increased the assessment of land. The assessed value of land for 1915 is approximately five millions below the 1914 figures, the first decrease since 1902. This fact seems to indicate that Assessment Commissioner Painter's assessment values are, as he estimates, a fairly close approach to a true, conservative value of the land. This inference is strengthened by the fact that the special assessment commissioners were appointed by the mayor with the direct purpose, it is claimed, of substantially increasing the tax base in order that an increase in the tax rate, or a return to taxing buildings, might be rendered unnecessary.

Tax Rates

The following table gives the tax rates in Vancouver from 1888 to 1914:

RATES OF TAXATION, 1888-1914

(Mills)

	Gross.	Net.		Gross.	Net.
1888.....	15.125	12.5	1902.....	20.	18.
1889.....	15.125	12.5	1903.....	20.	18.
1890.....	15.125	12.5	1904.....	20.	18.
1891.....	15.125	12.5	1905.....	20. (b)	18. (b)
1892.....	20.	16.	1906.....	22.22	20.
1893.....	20.	16.	1907.....	22.22	20.
1894.....	20.	16.	1908.....	22.22	20.
1895.....	20. (a)	16. (a)	1909.....	22.22	20.
1896.....	20.	16.	1910.....	22.22 (c)	20. (c)
1897.....	20.	16.	1911.....	22.22	20.
1898.....	20.	16.	1912.....	22.22	20.
1899.....	20.	16.	1913.....	22.22	20.
1900.....	20.	16.	1914.....	24.44	22.
1901.....	20.	18.			

(a) Assessments of buildings reduced to 50%.

(b) Assessments of buildings reduced to 25%.

(c) Assessments of buildings reduced to zero.

The tax rate which is usually quoted for Vancouver is the net rate but if Vancouver's rate is to be compared with the tax rates in other cities in western Canada the gross rate should justly be used. The tax bills are usually mailed about the middle of July. The taxpayer receives a statement giving the amount due on his property when taxed at the gross rate. If that property owner pays his taxes before September 15th he receives a ten per cent. discount. This ten per cent. represents the difference between the gross rate and the net rate which is quoted. Unless a man is able to pay his taxes before September 15th, therefore, he is taxed at the gross rate, so that the net rate really represents the same thing as the cash discount which is given in so many of the prairie cities for prompt payment of taxes. Before 1901 the city gave a twenty per cent. discount for early payment. No "separate-school" rate is levied in Vancouver. The following table gives the details of the tax rate for the last four years:

DETAILS OF TAX RATE

(Mills)

	General.	Interest and Sinking Fund.	Schools.	Total (Gross).	Total(a) (Net).
1911.....	11.44	5.90	4.88	22.22	20.
1912.....	12.67	5.68	3.87	22.22	20.
1913.....	10.30	7.61	4.31	22.22	20.
1914.....	10.025	9.6	4.815	24.44	22.

(a) Ten per cent. of the taxes is rebated if paid before September 15th.

Tax Levies

The following table gives the gross amount of the taxes levied in Vancouver from 1887 to 1913:

AMOUNT OF TAXES LEVIED, 1887-1913

(Gross)

1887.....	\$32,998 46	1901.....	\$330,256 60
1888.....	43,295 06	1902.....	339,095 20
1889.....	75,070 28	1903.....	367,824 00
1890.....	117,555 56	1904.....	391,297 90
1891.....	239,581 70	1905.....	475,299 58
1892.....	208,096 40	1906.....	670,776 17(b)
1893.....	377,314 08	1907.....	985,119 80
1894.....	366,021 68	1908.....	1,089,316 83
1895.....	323,771 18(a)	1909.....	1,258,769 39
1896.....	304,974 68	1910.....	1,773,535 83(c)
1897.....	304,432 28	1911.....	2,304,483 02
1898.....	298,970 38	1912.....	3,183,572 93
1899.....	304,213 88	1913.....	3,403,152 55
1900.....	323,805 50		

- (a) Assessments of buildings reduced to 50%.
- (b) Assessments of buildings reduced to 25%.
- (c) Assessments of buildings reduced to zero.

It will be noted that the tax levy in 1895, when the first reduction in the tax on buildings was made, is smaller than in preceding years. No decrease in the tax levy was made in 1906 or 1910, when the further reductions in the tax on buildings were made. The details of the tax levy for the past four years are given in the table which follows:

DETAILS OF THE TAX LEVY, 1911-1914
(Net)

	General.	Interest and Sinking Fund.	Schools.	Total.
1911.....	\$1,129,373 36	\$582,295 28	\$481,897 42	\$2,193,566 06
1912.....	1,755,472 70	787,040 54	536,236 52	3,078,749 76
1913.....	1,490,926 53	1,101,771 14	624,769 21	3,217,466 88
1914.....	1,508,628 48	1,444,032 77	724,499 52	3,677,160 77

Pressure of the Tax System

All the evidence obtainable seems to point to the conclusion that the Vancouver property owners are finding tax paying a very difficult undertaking. Some idea of the pressure on the average man can be gained from an analysis of the situation of the small property owner. The man of modest income buys a lot thirty-three by one hundred and twenty feet. At the present time a lot of this type with fairly good car service can be secured, according to the statement of Assessment Commissioner Painter, for from \$650 to \$700, although many persons of this description purchasing their property from real estate men will pay \$1,000 for a similar lot. According to Building Inspector Jarrett, the house which the man erects on his lot costs, on the average, about \$1,800. The man is taxed on his lot alone. If his land is assessed at \$700 and he pays his taxes in time to take advantage of the net tax rate, his tax rate for the year will be but \$15.40; but a man with even a very modest income would probably have assessments for street paving, sidewalk, curb, and sewers to pay also. It will be recalled that the burden of these special assessments is not light.(1)

While the total charges for local improvements and for taxes would not seem exorbitant to the average American taxpayer, they nevertheless seem to be causing considerable distress among the property owners of Vancouver. A man owning one lot with a house upon it is in reality paying a relatively light share of the total expenses of the city. Contrasted with him the burden of the man with vacant property is very heavy; and the number of persons who own vacant property, even among the residents, is large. Many workmen, the trade-union leaders testify, instead of paying off the mortgage on their property, have invested money in an additional lot which they hold vacant as a speculation.

(1) Cf. *supra*, p. 186.

The most trustworthy evidence as to the pressure of the taxes is the statement of arrears. The following table shows the arrears of taxes and special assessments of Vancouver for a number of years:

ARREARS OF TAXES AND SPECIAL ASSESSMENTS, 1894-1913

	Arrears of Taxes for Previous Years.	Arrears of Taxes for the Current Year.	Total Arrears of Taxes.	Arrears of Special Assessments.	Total Arrears; Taxes and Special Assessments.
1894.....	\$47,690 38	\$95,831 29	\$143,521 67	\$2,793 79	\$146,315 46
1895.....	98,946 99	87,336 75	186,283 74	3,908 29	190,192 03
1896.....	114,535 79	86,425 96	200,961 75	3,415 33	204,377 08
1897.....	145,755 03	71,386 33	217,141 36	3,949 49	221,090 85
1898.....	139,052 56	53,010 56	192,063 12	3,961 71	196,024 83
1899.....	117,885 15	43,921 50	161,806 65	4,597 85	166,404 50
1900.....	127,500 38	46,358 60	173,858 98	4,302 91	178,161 89
1901.....	61,816 61	47,181 21	108,997 82	14,083 24	123,081 06
1902.....	67,508 73	45,483 61	112,992 34	18,316 99	131,309 33
1903.....	51,441 71	38,328 36	89,770 07	20,048 45	109,818 52
1904.....	35,964 28	43,133 31	79,097 59	4,272 14	83,369 73
1905.....	29,939 72	47,290 09	77,229 81	2,250 65	79,480 46
1906.....	23,191 86	46,785 62	69,977 48	4,727 62	74,705 10
1907.....	26,472 09	94,172 75	120,644 84	6,330 38	126,975 22
1908.....	49,480 35	105,182 85	154,663 20	8,457 92	163,121 12
1909.....	48,884 65	94,457 30	143,341 95	6,889 25	150,231 20
1910.....	42,541 40	130,216 65	172,758 05	6,538 69	179,296 74
1911.....	63,773 35	192,823 24	256,596 59	8,423 31	265,019 90
1912.....	113,515 53	282,943 71	396,459 24	13,676 88	410,136 12
1913.....	208,389 60	481,579 59	689,969 19	38,726 03	728,695 22

Payments are considered in arrears after December 31st. It will be recalled that the gross rate is applied after September 15th. After the first of the year a penalty of six per cent. is imposed. This penalty, being considerably lower than the interest rate, is obviously too low to serve as an inducement to the property owner to pay his taxes when they have once remained unpaid after the 15th of September.

Moreover, the policy of the city in regard to sales of land for taxes has been very loose. The last sale was held in December, 1909. The sale before that was in 1905. It was planned to hold a sale in 1913, but the council decided to postpone it because of the hard times and the distress it was likely to cause. 1914 found conditions still worse, and even before war was declared it was decided that no tax sale should be held. By referring to the table, it will be seen that the total amount of arrears has always been considerable but that the arrears in 1912 and 1913 show a remarkable increase, the unpaid taxes and assessments in 1912 being \$410,136.12, nearly double the arrears of 1911. The year 1913 shows an addition of over \$200,000 to the total of unpaid taxes. Of a gross tax levy for 1913 of \$3,403,152.55, \$481,579.59 or over fourteen per cent. remained unpaid at the end of the year.

Additional evidence of the difficulty which is being felt by people in meeting their tax bills, is furnished by the action of the council in 1914 in

extending the period during which a reduction from the gross tax rate was allowed from September 15th to December 1st. From September 15th to November 1st, a discount of seven and one-half per cent. from the gross rate was allowed, and from November 1st to December 1st, a discount of five per cent. was given.

Assessment Commissioner Painter calls attention to a phenomenon in Vancouver which seems to indicate a tendency to economize in the amount of land used for building projects, because of the incidence of the taxes. Persons who own a number of lots lying together seem to be inclined to subdivide the lots and to place as many houses as possible on a given plot. Taking the tax maps of the city, Mr. Painter showed that in all sections—in the good as well as in the poorer districts—this tendency was apparent. In a number of cases, two lots, twenty-five by one hundred and twenty feet, had been subdivided into four lots, each thirty by fifty feet. In some cases, three lots, thirty-three by one hundred and thirty-two, had been divided into four lots, thirty-three by ninety-nine. Four lots, forty-four by one hundred and thirty-two had been cut into eight lots, twenty-five by eighty-eight, and two lots, thirty-two by eighty-eight. In another case, one lot, fifty-three and one-half by one hundred and thirty-two feet, had been subdivided into three lots, forty-four by fifty-three and one-half feet. Mr. Painter believes that he “can see a very clear tendency to restrict the size of building lots,” and he imputes a causal connection between this phenomenon and the collection of all taxes from the land. He states, also, that there has been a marked restriction in the number of people who buy lots for yard and garden purposes.

Summary

During a period extending over fifteen years Vancouver gradually reduced the assessment on buildings until in 1910 they were entirely exempt from taxation. This does not mean, however, that the single tax is in full force. The citizens of Vancouver are still subject to the dominion tariffs on imports, to provincial taxes upon income and personal property and to municipal license taxes.

The city government depends for its revenue almost entirely upon the tax on land values. Special assessments are of growing importance but at present amount to only approximately six per cent. of the receipts from the direct land tax. Frontage taxes and special assessments are used for some unusual purposes, as, for instance, street sprinkling and lighting.

Only a very small amount of land is exempt from taxation, even churches being assessed. The land values assessed for taxation show a remarkable increase. In 1899, lands were assessed at \$15,310,694. In 1914, they were assessed at \$150,456,660. Although there is considerable difference of opinion as to how closely the assessed values approach real values, the best testimony seems to indicate that the present assessed value is a fairly accurate but somewhat conservative estimate of the fair cash value of the land.

The elimination of fifty per cent. of the value of buildings in 1895 resulted in the reduction of the tax base, the change being made in a time of depression when the assessed values of real estate were steadily falling. The tax base in 1906 and 1910, the dates of the further reductions in the taxation of buildings, reveal enormous increases in the tax base. The upward boom in real estate prices was more than great enough to cover the loss through the elimination of buildings from the assessment rolls.

The present tax rate in Vancouver is 24.44 mills with a ten per cent. discount for prompt payment. This rate is a high-water mark and has been in force only one year. An increase of 2.22 mills was made in the gross rate at the time of the reduction of the tax on buildings to twenty-five per cent. in 1906, but no increase was found necessary in 1910 when buildings were made entirely exempt.

The statistics of unpaid taxes give startling evidence of the heavy pressure of the tax rate. Arrears from the land tax levy alone amounted in 1913 to more than two-thirds of a million dollars (\$689,969.59). It would appear that only the liberal policy of the city in regard to selling land for taxes prevents very acute distress among the tax payers.

DATA FOR GAUGING THE EFFECTS OF THE TAX SYSTEM

Building Operations

The effect most commonly claimed for the exemption of improvements from taxation is that it stimulates building. Immediately upon the passage of the ordinance entirely exempting buildings from taxation in 1910, it was felt that something should be done to control building operations which it was believed would be greatly encouraged by the new legislation. Alderman Hepburn fathered the movement. A by-law was passed by the council during 1910 regulating the height of buildings and steps were immediately taken to make this regulation a part of the city charter. A plebiscite was resorted to in 1911 and by a small majority the proposal was adopted. It can now only be altered by provincial legislation. The law reads as follows:

Such buildings (buildings of fireproof construction) shall not exceed 120 feet in height, and shall not be over ten storeys in height, not including the basements of said buildings; provided, however, that where any such building contains a base area of 7,000 square feet or more the main portion of the building may be surmounted by a superstructure, the area of the base of which shall not exceed 33 per cent. of the area of the base of such main portion; and provided further that such superstructure shall not exceed 200 feet in height, measured from the sidewalk to the roof of such superstructure, and that such superstructure shall not contain more than eight storeys and shall be supported directly from the foundation footing of such building.(1)

(1) Building By-Law, No. 941, s. 13, sub. 43.

Another provision of the by-law stipulates that each separate house must stand upon a plot containing at least 2,000 square feet area. There is nothing in the law to prevent the placing of houses very close together except that, in the case of apartments, tenements and lodging houses two stories or more in height, four feet, six inches must be left between structures.

There are in Vancouver a number of buildings which exceed one hundred and twenty feet in height. The permits for some of these were taken out just before the new law went into effect. Others take advantage of the tower provision. Among the buildings which are higher than the limit are the following: the World Building, ten stories, plus an eight-story tower; the Hotel Vancouver, eighteen stories, including tower; the Standard Bank Building, fifteen stories; the Dominion Building, fourteen stories; and the Vancouver Building, twelve stories. The permits for the Standard Bank Building and the Vancouver Building were issued just before the law went into effect.

The first records of building operations were made in 1902. The figures given in the tables which follow include the statistics of removals as well as of buildings constructed; but no figures are included for removals which do not involve a change in the structural condition of the building. The figures also include the statistics for alterations and repairs, but only when such alterations or repairs affect the structure of the building. Permits which were issued and afterwards cancelled are eliminated from the statistics. Fees are charged on the basis of the value given and this results in serious undervaluation of the work contemplated. The building inspector estimates this undervaluation at at least thirty per cent. No minimum is placed on the value of an alteration for which a permit may be issued. Permits are issued for changes which involve a cost as low as five dollars.

NUMBER OF BUILDING PERMITS AND VALUE OF BUILDINGS, 1902-1913(a)

	Number.	Value.		Number.	Value.
1902.....	417	\$833,607 00	1908.....	1,697	\$5,950,893 00
1903.....	580	1,426,148 00	1909.....	2,054	7,258,565 00
1904.....	836	1,968,591 00	1910.....	2,260	13,150,365 00
1905.....	940	2,653,800 00	1911.....	2,763	17,655,760 00
1906.....	1,006	4,308,410 00	1912.....	3,224	19,374,542 00
1907.....	1,773	5,632,744 00	1913.....	2,020	10,424,197 00

(a) Thanks are due to Building Inspector S. N. Jarrett for his kindness in granting access to his records from which these statistics were transcribed.

BUILDING OPERATIONS BY MONTHS AND A CLASSIFICATION OF THE TYPES OF BUILDINGS CONSTRUCTED (a)

	Alterations and Repairs.			Dwelling Houses.			Apartment and Rooming Houses.			Factories and Warehouses.			Offices and Store Buildings.			Total Value of Build- ings.	Number Permits.
	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.			
1911	Jan.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	144	\$1,412,442
	Feb.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	174	1,047,090
	Mar.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	269	2,147,798
	Apr.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	286	1,186,320
	May	..	...	..	...	..	...	..	...	..	...	..	...	..	...	294	2,488,050
	June	..	...	..	...	..	...	..	...	..	...	..	...	..	...	205	909,824
	July	..	...	..	...	..	...	..	...	..	...	..	...	..	...	226	1,108,378
	Aug.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	290	1,525,918
	Sept.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	264	1,736,568
	Oct.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	252	1,506,375
	Nov.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	203	994,512
	Dec.	..	...	..	...	..	...	..	...	..	...	..	...	..	...	156	1,592,485
1912	Jan.	34	\$25,323	105	\$224,245	10	\$156,700	18	\$30,575	10	\$263,534	177	700,377				
	Feb.	34	27,260	174	292,105	22	305,605	14	152,555	26	423,235	270	1,200,760				
	Mar.	41	21,965	235	477,930	19	213,500	29	313,495	18	407,400	342	1,434,290				
	Apr.	32	22,460	246	439,450	30	556,200	19	97,850	25	516,845	352	1,632,805				
	May	24	6,110	241	439,726	22	527,400	25	198,377	36	773,115	348	1,944,728				
	June	28	21,140	183	383,490	15	414,200	7	85,300	34	315,650	267	1,219,780				
	July	37	25,885	207	413,932	34	799,000	8	40,650	17	794,545	303	2,074,012				
	Aug.	7	2,000	225	388,120	13	176,300	25	228,350	39	136,300	309	931,070				
	Sept.	5	940	186	311,295	21	899,700	19	103,050	23	255,410	254	1,570,395				
	Oct.	5	1,100	172	243,955	17	1,023,550	18	208,250	26	2,120,310	238	3,597,165				
	Nov.	8	1,760	131	168,810	5	69,200	18	35,500	24	1,263,525	186	1,538,795				
	Dec.	14	3,370	121	168,360	9	1,039,500	17	244,700	17	7,835	178	1,530,365				

1913	Jan.	21	\$7,870	60	\$108,835	6	\$22,954	13	\$253,550	20	\$1,556,835	120	\$1,950,044
	Feb.	21	6,110	140	217,425	11	240,800	14	46,050	34	534,819	220	1,045,204
	Mar.	25	11,760	168	247,250	9	94,600	16	562,670	26	164,835	244	1,081,115
	Apr.	14	5,750	131	192,177	10	197,925	30	150,570	34	553,930	219	1,100,352
	May	26	7,772	137	191,260	7	144,600	17	213,025	14	473,000	201	1,029,657
	June	27	4,661	131	143,185	6	266,900	18	415,935	13	78,200	195	908,881
	July	19	3,910	95	98,520	..	...	13	140,370	26	198,285	153	441,085
	Aug.	23	9,301	113	176,860	3	66,500	12	140,275	23	481,667	174	874,603
	Sept.	15	4,068	106	119,535	3	27,995	10	26,333	27	1,162,165	161	1,340,096
	Oct.	15	2,630	97	93,210	1	7,500	11	24,600	19	46,260	143	174,200
	Nov.	6	610	57	42,585	4	226,000	5	9,600	29	21,770	101	300,565
	Dec.	5	985	51	43,205	2	7,000	8	58,100	23	69,105	89	178,395
1914	Jan.	12	1,605	66	79,477	..	.....	15	97,250	19	33,185	112	211,517
	Feb.	33	8,751	49	96,885	..	.....	10	5,330	35	151,110	127	262,076
	Mar.	60	33,250	60	115,450	7	53,000	5	49,520	46	317,625	178	568,845
	Apr.	56	14,716	47	54,625	1	15,000	4	82,000	33	87,825	141	254,166
	May	63	27,410	40	57,710	1	7,000	2	17,200	56	415,060	162	524,390
	June	50	52,110	30	41,550	2	90,000	4	30,750	42	357,855	128	572,265
	July	51	19,451	29	54,900	1	43,000	3	3,750	35	17,900	119	139,001
	Aug.	31	14,801	17	22,025	..	.....	2	500	28	192,055	78	229,381
	Sept.	38	11,595	14	9,050	..	.....	..	.....	33	22,213	85	42,858

(a) The figures given in this table are copied from the records in the office of the building inspector. The totals given in the preceding table do not exactly correspond in all cases with the totals arrived at by adding the monthly figures. There are slight discrepancies in the figures for January, February and August, 1912, and for March, April and December, 1913.

The years of change in the tax system, 1906 and 1910, were years of unusual building activity.

From the table given above it will be seen that during the past three years there have been constructed a very large number of apartment and rooming houses. The movement really began as far back as 1907. By 1910 apartments had become quite numerous. Nineteen hundred and twelve proved to be the biggest year for this type of construction. The Vancouver telephone directory lists the names of eighty-one apartment houses.⁽¹⁾ This figure does not include rooming houses or business blocks whose upper floors have been converted into apartments. The rooming houses are even more numerous, one hundred and forty-two addresses being listed in the telephone book under that heading. The movement toward the construction of apartments is attributed by Mr. Painter, the assessment commissioner, largely to the servant problem.

Credit Conditions

No one was found who claimed that the tax system in vogue has had the effect of making it more difficult to secure loans of money for building purposes. There seems to have been no discernible effect upon the stream of loanable capital traceable to this cause. This does not mean, of course, that there has been no effect, for the motives which have controlled the action of persons who lend money for building purposes in this region are doubtless better known to themselves than to the residents of Vancouver.

The great bulk of the loanable funds is furnished by the so-called loan companies who sell debentures in the eastern part of the country, in England, and on the Continent, and use the proceeds for making loans at a higher rate of interest to persons in Vancouver who desire capital for building purposes. The remaining funds are supplied by the life insurance companies and by private brokers in about equal proportions. The money coming from life insurance companies and from loan companies for building purposes would likely be much less directly affected by such factors as the tax system than those funds which come from private sources.

However, it is interesting to note that, whatever the source of loanable funds, great care is exercised that an adequate margin be kept between the sum borrowed and the value of the underlying security. In the first place, it is almost impossible to secure a loan upon unimproved real estate. The money loaned must be for the purpose of improving the land if this is not already on an income-producing basis. Usually it is required that the person who desires a loan for a building shall be the owner of a piece of land which is entirely paid for, although in some cases land which is somewhat encumbered is used as security for loans. The general policy of those who lend money for building purposes is to restrict the loan to about

(1) The inaccuracy of accepting the number of telephones as a test of the number of apartments is self-evident. The use of telephones in Vancouver, however, is extremely general and this method was suggested by the building inspector as being the most accurate available.

forty per cent. of their own conservative valuation of the value of the land and the building which is to be erected. In some cases the loan goes above this, but sixty per cent. is an upper limit which is reached very seldom. The average is much nearer forty than sixty per cent. The valuations placed upon the property by the person who is seeking to secure a loan are, of course, very large compared with the valuation which is placed upon the property by the agency which is lending the money. One case was cited in which the applicant's valuation of the property was \$30,000, while the loan company's was \$12,000. The interest rate which is charged is very generally eight per cent. There are some cases, however, of money being loaned upon the security of downtown real estate at a slightly lower rate.

Rents

The rental situation in Vancouver is today, and has been for some years, highly abnormal. Rents have not and do not represent a proper and normal return upon the investment. Until recently, the returns received were abnormally large; now they are abnormally small. Persons who owned rentable houses could, until two years ago, exact a "monopoly price" for their property. Mr. Painter, assessment commissioner, describes the rentals which were received before 1913 as "outrageous." Alderman S. J. Crowe, a large owner of real estate, testifies that owners "could get anything they asked for their property." He cites an example of a piece of property which rented for \$125 a month. At one step the rent was raised to \$675 a month. The competition among tenants for buildings was so keen that they bid their rents up by leaps and bounds. Those who had rented their quarters on long-term leases found themselves in a position to sublet upon very favorable terms, and this practice became quite widespread. Mr. J. P. Nicolls pointed out that in boom times people did not care particularly what prices they paid, and ascribed the exorbitant rents as much to this willingness to spend freely as to the limitation of supply.

If all agree that the rents before 1913 were exorbitantly high, they all agree that the rents now are ruinously low. A piece of property which rented for \$675 a month is now yielding \$200 a month. Another piece of property which formerly yielded \$125 a month now brings in only \$40 a month. Alderman Crowe estimates that on an average the rents have dropped twenty-five per cent. Mr. Nicolls estimates that the average reduction has been considerably greater than this; between thirty-three and fifty per cent. Alderman Crowe states that not one of the down-town buildings is paying four per cent. on the investment. He believes that at least 2,500 offices in the down-town section are vacant. "If the single tax was the cause of this over-building, it was the cause of a financial disaster," he says.

Assessment Commissioner Painter states that less than half the houses which are ordinarily rented now have tenants. The general impression one receives from his observation during a few days' stay in the city

tends to bear out these estimates. A beautiful, tall, new office building, completed several months ago by a banking company, the *Credit Foncier*, stands entirely vacant, except for the top and the ground floors.

Mr. F. C. Wade, the leading opponent of the single tax, made an investigation of the number of office buildings and apartment houses, in order to ascertain the extent to which they were occupied. His investigation yielded the following results:

OFFICE BUILDINGS

Building and Address.	Percentage Occupied.
North West Trust, 609 Richards.....	45
Wetson, 588 Homer.....	10
J. Borland, 185 Hastings.....	5
Birk, 550 Granville.....	75
Merchant's Bank, Hastings, W.....	10
Dominion Trust, Homer Street.....	50
Loo, Abbott Street.....	50
Metropolitan, Hastings Street.....	45
Crown, Pender Street.....	50
London, Pender Street.....	30
Rogers, Granville Street.....	100

APARTMENT HOUSES

Building and Address.	Percentage Occupied.
Rowlish, 1204 Albert Street.....	75
Allen, 816 Granville Street.....	60
Elliott, 2224 Alberta.....	60
Abell, 1121 Nelson.....	75
A. Wallace, 767 Hastings Street, E.....	15
Kerr, 1346 Robson.....	80
Farrar, 504 Hastings.....	100
Hutchmann, 1607 Comox.....	50
Millicroft, 605 Dunsmuir.....	45

There seems to be no doubt at all that Vancouver is badly over-built. This situation is, of course, operating to the temporary advantage of the tenants, and will continue so to operate until the population and business of Vancouver increase to such an extent that they will need the facilities which are already provided. How soon that will be is a difficult question to answer. It may be said that the real estate dealers are not optimistic on the question of the approach of that condition in the near future.

Congestion

Some data which throws a light upon the possible tendency of the tax to relieve congestion is quoted above.(1)

The tendency on the part of the property owners to economize in the use of land for building purposes, and the opinions quoted in some of the interviews to the effect that particular individuals have found it difficult to pay taxes on large residence lots and have been compelled to divide them up would, of course, indicate a tendency toward increased congestion per acre and decreased congestion per room.

(1) Cf. *supra*, p. 197.

With an area of 16.48 square miles (land) and a population of 106,110, the density of population per acre is ten persons. This statement must be considered in connection with the suburb situation, however, if wrong inferences are to be avoided. (1)

Home Ownership

The statement is commonly made in Vancouver that a larger proportion of the citizens own their own homes than in any other city in Canada. Statistical data on which to base any such claim have been entirely lacking; but the general impression undoubtedly has prevailed that the proportion of home owners as compared with tenants is extremely large. The only material available which throws light upon the subject, aside from the opinions of the real estate men and other citizens of the town, is the list of voters. The laws governing suffrage in Vancouver are so drawn as to require the specification in the *Voters' List* as to whether a person is an owner or a tenant. Only owners have the right to vote on by-laws referred to the electorate which have to do with the expenditure of money. Both men and women who are twenty-one years of age and are owners of property assessed at not less than \$400 are entitled to vote on such questions. The qualifications for voters in cases where money by-laws are not involved, are less strict. Both owners and tenants may vote. To be a tenant one must rent real property which has an assessed value of at least \$300. A tenant is "not merely a lodger, boarder, or temporary occupant of rooms." He is described as the proprietor of an independent housekeeping establishment. By administrative regulations it has been decided that a husband cannot be considered a tenant of a wife's property: that is, she votes and he does not if he lives with her in her house and does not own additional real estate in excess of the prescribed minimum.

The information contained in the *Voters' List* as to the number of tenants compared with the number of owners seems never before to have been compiled. An analysis of the list for 1913 yields the results shown in the following table:

OWNERS AND TENANTS AMONG THE VOTERS OF VANCOUVER
IN 1913 (a)

Ward.	Owners.	Tenants.	Percentage of Owners.
First	2,145	2,994	41.7
Second	1,279	4,236	23.2
Third	1,235	1,136	52.1
Fourth	3,925	2,617	60.0
Fifth	3,930	1,384	74.0
Sixth	5,367	1,859	74.3
Seventh	5,132	162	97.3
Eighth	1,506	313	82.8
Total	24,519	14,701	60.0

(a) Compiled from the official *Voters' List* for 1913.

(1) *Cf. supra*, p. 174.

These figures reveal a high percentage of owners, but a percentage which is not higher than that in several other cities in the section.

Ward One is described as a high-class residence district; Ward Two as a business ward; Ward Three as half residence and half business; Wards Four and Five as middle-class residence districts; Ward Six as a residence ward of very mixed character; and Wards Seven and Eight as suburban property recently developed.

One of the elements in the situation which is said to have operated to encourage home ownership in Vancouver is the eagerness of the people to take advantage of the increase in land values. During the boom period rents were high, real estate was rising in value, and every person who could command the necessary cash or credit found it to his advantage to build rather than to rent. It is said that by buying a piece of land, erecting a house suitable to his needs and by occupying that house for a few years, he usually found himself in a position to dispose of his property at a price which would reimburse him for all the expenses in the way of taxes and carrying charges during the period, giving him his house-rent free, and sometimes something in addition.

Non-Resident Ownership of Land

Non-resident ownership of Vancouver land has always been present to a considerable degree. At present, according to the estimate of Assessment Commissioner Painter, fully twenty-five per cent. of the total land area of the city is credited on the tax rolls to non-residents. Thus far the land taxes have evidently not had the effect of frightening non-resident owners into a surrender of their holdings.

Speculation

It was found impossible to secure any information as to the effect of the tax upon speculation other than the opinions of persons interviewed. The consensus of opinion seems to be that, during boom times, the tax was not noticed by the persons who bought land for speculative purposes, but that those speculators who find themselves in a position where it is necessary for them to carry over vacant land through the period of depression are being somewhat embarrassed.⁽¹⁾

Employment

As in the other cities of the Canadian Northwest, the employment situation in Vancouver has been very acute during the summer of 1914. The seriousness of conditions there is heightened by the fact that a very large percentage of the working men are in the building trades. There are very few manufacturing enterprises. The lumber industry employs exclusively Asiatic labor for practically all the processes except the actual logging in the forests. The Indians and the Asiatics divide between them the oppor-

⁽¹⁾ *E. g., cf. infra, pp. 216, 218, 219.*

tunities for labor offered by the fish industry. The trade unions make no attempt to organize Asiatics and Indians. These facts must be understood in order that the testimony of trade union officials as to the unemployment situation may not be misinterpreted. There are no municipal or provincial employment agencies, so that reliable general statistics as to the amount of unemployment are unobtainable. The story of the union leaders is very dark. Mr. J. H. McVety, the president of the Trades and Labor Council, is authority for the statement that over fifty per cent. of the union men in Vancouver were out of work in August. In some unions this percentage runs as high as ninety per cent. of the members. The large number of people who have left Vancouver during the six months just passed has had little effect in relieving the situation, because business activity, particularly in the building trades, is constantly decreasing.

Mr. R. P. Pettypiece, editor of the *Federationist*, the trade-union journal, and a man who is in very close touch with the unemployment situation, estimates that at least twenty-five hundred union men left Vancouver during the first eight months of 1914. Large numbers of workmen who originally came to Vancouver from the United States have returned south, while others who have saved enough to make the trip have pursued their search of work to Australia and New Zealand.

Mr. J. Reginald Davison, industrial commissioner of Vancouver, expects the unemployment situation to become even worse as the winter comes on. During cold weather not only does the city have its own citizens who are out of work to care for, but it also has to contend with the problem caused by the influx of large numbers of men from over the mountains—"floaters" from the prairies where the winters are extremely severe. The mild weather makes Vancouver an attractive haven to these men.

A general survey of the economic condition of Vancouver at the present time reveals little prospect for immediate relief. As has been pointed out, the great bulk of the workers in Vancouver have been engaged in the building trades. All but a very small part of the labor force of the city has been engaged either in erecting the buildings of the city or in constructing the streets and other public improvements. The prospect for another era of active building operations is far from bright. In the first place, most of the work has been done with borrowed money and the war has added to the difficulties which were already present in the way of borrowing. When a large proportion of the population has been devoting its energies to building the city, and it becomes impossible to continue building operations, it is evident that the people must turn their hand to some other type of employment or seek work elsewhere. That the laboring men themselves realize the situation is shown by the wholesale exodus which is now going on, as well as by the testimony of their officials and by the tone of their press. The following excerpt from an editorial in the *British Columbia Federationist*, issue of May 29, 1914, shows that the workingmen have no illusions as to the situation:

There is, practically speaking, no construction work either in promise or in progress, with the exception of a few big jobs which are fast approaching completion. When they are done it looks as if the building trades will be confronted with a still more difficult situation. It is all very well for the real estate agents to "jolly" the people along, but printed optimism does not, and will not fill the stomachs of working men whose daily domestic expenses are equal to their wages, even when employment is good.

The city aldermen of Vancouver are constantly besieged by their out-of-work constituents. As a result, the city attempts to relieve the situation by engaging the men upon public works. One of the arguments used in the summer of 1914 against the proposal that the city spend \$15,000 for additional fire apparatus was that the money could be better used in providing work for those who needed it.(1) The possibilities of such public relief are limited very strictly, however, by the public credit situation and by the pressure of the burden of taxes and special assessments already carried by the property holders.(2)

Few of the laboring men impute a direct connection between the employment situation and the tax system. They do not hesitate to say, however, that if the tax system is responsible for the excessive building boom through which the city has just passed, it is responsible for considerable distress among the laboring men through the attraction to the city of a force of workmen too large to be retained indefinitely in the service of building up the city.

General Prosperity

POPULATION(a)

1886	1,000	1896	19,000	1906	52,000
1887	5,000	1897	20,000	1907	60,100
1888	8,500	1898	22,000	1908	66,500
1889	10,500	1899	24,000	1909	78,900
1890	12,000	1900	24,750	1910	93,700
1891(b)	13,685	1901(b)	26,133	1911(c)	111,240
1892	15,000	1902	29,640	1912	122,100
1893	16,000	1903	34,480	1913	114,220
1894	17,000	1904	38,414	1914	106,110
1895	17,862	1905	45,000		

(a) Population figures are given for the end of the year specified.

(b) Dominion Government census.

(c) Dominion Government census figures give the population for 1911 as 123,902.

SCHOOL ENROLLMENT(a)

1898.....	2,724	1906.....	6,437
1899.....	3,117	1907.....	7,370
1900.....	3,393	1908.....	7,984
1901.....	3,710	1909.....	8,845
1902.....	4,087	1910.....	9,942
1903.....	4,416	1911.....	11,385
1904.....	4,994	1912.....	12,393
1905.....	5,609	1913.....	12,990

(a) The figures given for the school enrollment are for the month of October in each year. Eleventh Annual Report, Vancouver City Schools, 1913, p. 73.

(1) *Vancouver Sun*, August 18, 1914.

(2) *Cf. supra*, pp. 186, 195-197.

BANK CLEARINGS (a)

Year.(b)		1910.	1911.	1912.	1913.	1914.
1899.....	\$37,820,218					
1900.....	46,544,741	\$29,331,224	\$38,953,289	\$48,371,226	\$52,431,327	\$41,353,351
1901.....	47,006,211	29,534,539	36,529,964	45,351,107	50,641,407	34,054,576
1902.....	54,467,549	35,415,061	44,084,854	49,902,878	47,535,145	41,714,259
1903.....	66,215,765	36,731,598	41,337,756	52,324,013	54,383,263	36,900,365
1904.....	74,029,902	36,460,680	46,522,543	55,979,196	54,445,095	38,089,999
1905.....	88,460,391	37,092,464	45,558,690	53,781,824	49,389,201	37,467,108
1906.....	132,606,358	37,630,303	43,239,102	53,840,212	51,411,870	38,574,409
1907.....	191,734,480	36,533,143	47,232,335	55,929,324	47,435,329	.....
1908.....	183,083,446	40,428,521	47,008,169	53,896,987	51,812,940	.....
1909.....	287,529,941	40,115,870	49,210,372	59,492,120	51,891,335	.....
		43,041,230	54,031,618	60,815,185	47,711,848	.....
		42,674,185	49,775,662	55,434,815	47,810,950	.....
	Total.....	\$444,988,818	\$543,484,354	\$645,118,887	\$606,899,710	.....

(a) The Vancouver Clearing House was organized in 1898 and the figures for that year do not represent a full year's business. The data were transcribed from the records of the clearing house. Acknowledgment of indebtedness is made to Mr. H. Lockwood, the manager of the clearing house, for his courtesy in furnishing this material.

(b) For year ending December 31st.

POSTAL RECEIPTS—GROSS REVENUE(a)

1893.....	\$26,731 22	1904.....	\$86,592 16
1894.....	27,109 79	1905.....	98,076 95
1895.....	29,375 55	1906.....	121,083 57
1896.....	32,635 08	1907 (9 months)	111,975 72
1897.....	37,712 03	1908.....	191,703 14
1898.....	52,821 37	1909.....	205,000 00
1899.....	53,237 92	1910.....	257,361 64
1900.....	54,989 66	1911.....	350,372 66
1901.....	56,823 28	1912.....	428,256 00
1902.....	67,645 94	1913.....	530,465 00
1903.....	70,593 61	1914.....	519,000 00

(a) Before 1908 the figures represent the receipts during the fiscal year ending June 30th. The figures for 1907 represent the receipts for the nine months preceding March 31st. From 1908 to 1914 the figures are for the fiscal year ending March 31st. The figures are taken from the annual reports of the Postmaster General and from the 27th Annual Report, Vancouver Board of Trade, 1913-14, p. 72, checked by post-office authorities in Vancouver.

PUBLIC OPINION

Newspaper Alignment

As is inevitable in the case of a question which has become something of an issue in politics, the newspapers of Vancouver have aligned themselves for and against the system. The *World*, the personal organ of ex-Mayor Taylor, has espoused the single tax from the beginning and to the support of this paper must be credited in large measure the present form of the system. Opposed to the *World* on practically all issues of politics is the *Province*, a paper of much more conservative type. The attitude of the *News-Advertiser* has usually been favorable to the plan, but its position has been less positive than either the *Province* or the *World*. The *Sun* has been on the whole unfavorable.

Summaries of Interviews

Perhaps the best method of judging the present alignment of public opinion in Vancouver is to examine the detailed interviews with various public officials and citizens, selected to reflect the points of view of the various economic classes of the community.

The Aldermen

1. I thoroughly favor the present plan and believe that it would not be well to go back to taxing buildings, unless the necessity should arise for greatly increasing the present rate. In that case I would favor a plan which would secure some revenue from buildings to pay for certain expenses such as those of the fire department. I make no pretense at being a thorough-going single taxer; I do not favor confiscation of land. Ex-Mayor Taylor should be given credit for carrying through the proposition to remove the tax on buildings entirely. It was made something of an issue in the 1910 campaign. The proposition was adopted mainly because the city lacked substantial buildings and it was thought that this plan would assist in encouraging building enterprises. It has had this effect. It is possible to discern no effect on speculation, however. I believe that the present reaction against the system is not formidable; if a plebiscite were taken on the subject at present the majority would be in favor of retaining the present system.

2. The single tax has stimulated building but is only one factor among a number which have had that effect. Few buildings have been put up which would not have been built under the old system of taxation. The buildings which I myself have constructed would certainly have been built irrespective of the tax element and, in general, I believe that taxes have been very little considered by builders. The system to some extent encourages and rewards the man who "does well by the city" by building and penalizes the man who refuses to improve his property. It has, on the other hand, operated to discourage the use of land for gardens and yards. On the whole the system has worked very well. I see no possibility for the success of a proposal to restore the tax on residences. Personally I favor some scheme to make the owners of skyscrapers contribute to the extent of paying for fire protection at least. A very important element in the situation is the difficulty which is being experienced by many citizens in paying their

taxes. The present land tax, together with the heavy special assessments which they are called upon to pay, forms a burden which is all the property owners can carry. The question of increasing the millage rate is a very serious one.

3. I favor a return to the full taxation of buildings as soon as possible because the single tax bears too heavily upon the little owner. In prosperous times the plan seemed to work out fairly well but under present conditions it is far from successful. A man who is in a position to put up a big building on the lot opposite mine is also in the position to pay more taxes than I am with my small building. Moreover, his big building takes away my tenants and leaves me in an even worse position than before. The only way out of our situation which I can see is to go back to taxing buildings. It will come very soon. The present rate of taxation is all the property owner can stand. I would not advise the adoption of the single tax anywhere else.

4. I approve of the single tax in general but favor modifying it to some extent in Vancouver and would support some scheme to tax the higher buildings on their upper stories in order to pay for fire protection and to discourage their construction. The building of the larger structures has had the effect of emptying the smaller buildings and this is a bad thing.

5. I am strongly in favor of the system. It makes for more and better buildings and it tends to reduce speculation. It is possible that the city may go back to taxing buildings but personally I do not favor such a move. I would not tax even the high building. The fire-protection argument is largely a fallacy because the high buildings are practically unburnable and so need little fire protection.

6. I am decidedly in favor of the single tax. It has stimulated building, causing more and better buildings. "Vancouver would not be what it is to-day were it not for the single tax." There have been no specific effects other than a stimulus to building. There will be no reversal of policy; the single-tax plan will continue.

7. The tax rate should not go any higher and therefore a return will probably be made very soon to the old plan of assessing buildings. The sentiment against the single tax is growing. It is not fair and just that the lot with a small building should pay as much as a lot with a large one.

8. Some scheme for assessing business blocks in order to make them contribute toward the expenses of fire protection would be a good thing; the restoration of the tax on residences would not. The single tax is encouraging people to build better houses but it also overstimulates building in general.

9. I have always taken a more or less unfavorable attitude toward the single tax. The city will have to go back to the old system sooner or later. The council would have gone back this year had it not been that the members were afraid of public sentiment. I myself did not urge going back this year because, since the system was in operation, I favored giving it another year of trial. The results of the trial do not justify the continuance of the experiment another year. It would not be to my personal economic advantage to go back but nevertheless I favor the plan. The fiscal exigencies of the situation will make the return to the old system imperative. Expenses are steadily increasing. The assessed value of the land cannot be raised much. This year the tax rate was increased and there is a distinct limit to further increases. There is no reason why the expenses of the fire department and a certain percentage of the expenses of the police department should not be met by contributions from the buildings. A ma-

jority of the business men favors keeping the tax on land alone. The tax has had no effect upon building activity. "No one in this western country is philanthropic enough to build a building unless he thinks he can make something out of it." In the case of the two apartment houses which I built I did not consider the tax situation an incentive.

10. I favor the system as it now stands and would not vote for a return to the old scheme. It stimulates building and prevents the retention of obsolete buildings. There have been no discernible effects upon speculation. Many people are in favor of retaining the present system because of anxiety lest the many changes should create the impression that conditions are very unstable in Vancouver.

11. The present system encourages building. "It has caused so many buildings to be built that they cannot rent them all." I do not favor a return to the old system of taxing buildings. The eagerness to encourage building finds some explanation in the fact that vacant lots are often wooded and make good hiding places for rascals. Rents have come down since hard times began in 1913 and the men who have put up buildings are not making big returns. It is a new city and much building has been done in anticipation of future growth.

12. "The whole thing is a —— farce. It seems like a fool proposition to me. If all buildings were residences there might be some sense to it; but when there are a number of skyscrapers the situation is different. If I own a vacant lot the owner of a big building could afford to pay me not to build." Buildings should be taxed at their full value minus some allowance for depreciation. The tax will be put back upon buildings within the next two years. There has been no effect on building or on speculation. "The system has not built a —— building in this town."

13. I was in favor of taxing buildings at twenty-five per cent. of their value in 1914, but the question did not come to a decisive vote. Tall buildings are the direct cause of considerable expense in sewers, water mains, and fire apparatus and they should pay something toward meeting such expenses. The proposition to restore the tax on buildings would carry a popular election like a whirlwind. "In a city it is impossible to penalize the man who owns vacant land without injuring the interests of the small householder."

14. The eagerness to get at the speculator is responsible for some of the sentiment in favor of the present system. The system is an incentive to building and an inducement to an owner to pull down old fire traps and replace them with good buildings. There is some opposition from the owners of small homes but most of the opposition comes from the rental agents and owners of cheap buildings. There is a clash of interest between the owners of two-story business structures and the owners of larger buildings. The opposition of several of the aldermen is explained by the fact that they are the owners of cheap structures. I myself do not favor a return to the taxation of buildings and believe that no return to the old scheme will be made.

15. I did not favor the plan of removing the last twenty-five per cent. of the tax on buildings in 1910. The system operates to burden the little man and to allow the big man to escape with low taxes. At present there is a proposition under consideration to buy a water tower for the fire department at a cost of \$15,000. The little piece of property pays more than it would if business houses were taxed. I do not know whether it has stimulated building or not but think it probably has had some influence in encouraging building in suburbs. I notice, however, that the same people

who have been putting up buildings are now beginning to oppose the single tax plan. My particular plan would be to tax twenty-five per cent. of the value of the buildings lying within a radius wide enough to include the business district and little else. An especially heavy tax should be levied on buildings of six stories or over, or on buildings costing over \$6,000. If, however, the proposal were brought into the council to tax all buildings at twenty-five per cent. of their value I would support it. There is a strong sentiment in favor of a modification of the present plan. If the question came to a vote at the polls the present system would be done away with. "The laboring men are beginning to realize that they are paying for the water towers."

16. The system as it now stands is a curse. It bears too heavily upon a man who owns a lot and wishes to improve it. No one can improve his lot under present conditions. It does stimulate building but it over-stimulates it. I would like to see a tax on at least all buildings over four stories in height. The city will go back to some sort of a tax on buildings very soon. People are now taxed all that they can stand on their land and more revenue is needed. The citizens, particularly the working people, are turning against the single tax.

Various Public Officials and Private Citizens.

A high city official:

Strictly speaking the single tax does not exist in Vancouver since other sources of revenue still are utilized. The elimination of the tax on buildings was an attack directed at the speculator. The town was cursed with non-resident owners of land who had bought with the idea of holding the land for a rise in value. Moreover, the vacant lots were a public nuisance and a source of danger to law-abiding citizens. The plan offered an opportunity to penalize the man who held unimproved property and to favor the man who built upon his lot. There is now some agitation to replace the tax on buildings, but I have heard of no one who would assess buildings, at more than twenty-five per cent. of their value. The fire and police arguments are those which are chiefly used in support of the new proposal. I favor the present system. It seems fair to me that land should bear a disproportionately large share of the burden as compared with property in general. "God made the land and man made the building." However, not many citizens of the Canadian Northwest think of the land as being God's.

A city official:

The single tax has stimulated building and has been a good thing for the tenant.

A city official; a single taxer:

The scheme has worked very well in Vancouver in times of prosperity. How it will fare during the present adverse conditions is still an open question.

An assistant in the office of a public official:

The present system of taxation has not stimulated building nor does it operate to aid the poor man.

A high official in the city government:

My personal opinion is that it was a mistake to remove the twenty-five per cent. assessment of buildings in 1910. At that time I was not

in favor of making the move but now that the tax on buildings is entirely removed I would prefer not to return to the old system if it can be helped. Constant change is not a good thing and such a move would look like "backing water."

A prominent city official:

I favor taxing buildings at twenty-five per cent. I can see no reason why the city should have to spend fifteen or twenty thousand dollars for a new piece of fire apparatus for the especial benefit of a half dozen skyscrapers and yet be unable to collect a cent from them in taxes.

A provincial official:

The single tax is a bad system because it works an injustice upon the man who is not in a position to improve his lot. If two men have lots side by side and one has ready money or credit and is able to build and the other man has not and cannot build, the construction of the building by the first man lessens the opportunity of the other man. Moreover, after the building is constructed, the first man has a revenue out of which he can meet his taxes while the second man must pay precisely the same taxes as the first.

A minor city official:

The single tax, as it operates in a city with a well-developed business section, does not appeal to me favorably. The system operates to tax the working man indirectly through the exemption of downtown buildings and this is very undesirable.

A conservative and capable administrator in the city's service:

Improvements should be exempt to some degree but should be taxed at least enough to pay for the expenses of the fire department. I find myself interested in the suggestion that workingmen's homes be exempted and the skyscrapers assessed. The elimination of the tax on buildings is not a great incentive to building.

A city official:

The single tax has had the effect of stimulating building both by attracting persons to build through the decreased carrying charge and by compelling them to build through the heavier charge which is levied upon the land. A great many homes have been built which would not have been built had it not been for the single tax. The system also furnishes a method of getting at the land speculator and has had the effect of discouraging speculation to some extent. The working man has not been unfavorably affected but of course the capitalist who owns a large skyscraper and pays no taxes get a greater benefit than the working man.

A real estate man of high standing:

There has never been a general demand for the single tax in Vancouver. It has not been a vital question. The system has operated to place an immense burden upon the owner of vacant property. As a consequence it is very difficult to carry such property. There is no doubt that the town is at present much over-built. Vancouver is in the midst of a depression for which the war furnishes us a very good excuse. The council will probably return to the assessment of buildings next year. At least twenty-five per cent. of the value of buildings will be taxed at that time, I believe. This will be forced upon

the council by the fact that the public will not endure a heavier tax rate. It will probably be impossible to increase real estate assessments and the only course left open is to increase the base by the addition of some building value.

A prominent real estate man:

I was formerly a single taxer, but I find that my views as to the merit of the system are rapidly changing. One thing which influences me is the object lesson furnished by the large number of high buildings which are being constructed. These are the direct cause of considerable expenditure and I see no reason why they should not pay at least for the police and some other expenses. Doubtless the single tax has stimulated building but it is probable that it has also over-stimulated it.

An expert accountant:

The single tax has worked very well on the whole and I like it because it has curbed speculation to some degree, which is greatly to be desired in Vancouver.

The manager of a concern which loans much money for building operations in Vancouver:

The single tax stimulates building and curbs speculation. It may even have over-stimulated building somewhat, but it has not done so to a great degree. It operates to encourage building by removing taxes as one of the more or less uncertain elements which a man has to allow for and to take into account when undertaking a building enterprise. The system has had no unfavorable effect upon the source of loanable funds.

The manager of a bank:

The system is not good and another year will see it changed. It puts an unwarranted load upon the man with unimproved property. This load is very oppressive in dull times. In boom times it is not felt. The system helps the boom along by encouraging building. "It certainly helps to build up the town quickly but it would be just as well not to put so much hot air into the boom balloon."

A prominent banker:

The present system is not good because it has over-stimulated building. There is no doubt that the town is over-built at present and the tax system is certainly partly to blame for this condition. Land owners had heavy taxes to pay and, in their eagerness to get a revenue, built too much.

The head of a large wholesale grocery firm:

On the whole the plan has worked out satisfactorily. It does stimulate building and has probably over-stimulated it because people in their eagerness to get revenue have put up buildings in excess of demand. But the system furnishes a weapon for reaching the man who holds vacant real estate for a rise in value and that is a very desirable thing.

A prosperous, wholesale grocer:

The system is not an unmixed blessing. It does encourage building and curb speculation to some extent; but on the other hand it penalizes the man who wants a garden. I myself had a large yard but felt I could not afford to pay the taxes charged on it and so sold it. Moreover, it unduly favors a man who owns a large building.

The manager of a large department store :

The system has operated to encourage building and to fill up the vacant land, particularly in the business section. It has certainly not meant any reduction in rent to us.

An official in a trade organization :

The present system was adopted at the psychological moment and building did go on at a tremendous pace, but it would have gone on just the same without the change in the tax system. There is nothing at all to this building-stimulus argument. The tax on buildings will be reinstated soon and I favor such a move. The fire protection argument is sound.

The head of the financial department of a large business corporation :

The present system is not ideal. There are certain expenses which have no connection with land and which should not be charged to land. Some compromise should be figured out under which some expenses should be charged to improvements.

A barrister whose ability is unquestioned :

The single taxers in Vancouver used to appeal to the prosperity argument in support of the policy in this city. They do not do that any more. The single tax has nothing to do with the prosperity of the city. It does stimulate building, but it is an unhealthy stimulation. Statistics show that the number of unrented offices in Vancouver at the present time is extremely large. The normal opportunity afforded by business is all the stimulus to building which should be desired. The single tax means greater congestion. It is a great luxury to have a garden beside my house. The effect of the tax is "to plug up" all the holes in the town and "leave no breathing spaces." The sentiment against the single tax in Vancouver is growing. All the papers except the *World* are opposed to the single tax. The laboring classes are far from unanimous on the subject, as is shown by the testimony of the labor officials before the Commission on the High Cost of Living in June, 1914.

An official in the consular service :

Having been called upon recently to make a report on the single tax in Vancouver, I believe as a result of my investigations, that improvements will be taxed again within two years. The people who own land have all they can carry now. The city needs more money and the aldermen will have to go where they can get it.

A prominent labor leader :

The single tax has really never been enough of an issue to interest the laboring class deeply. Most of them favor it, but this is because they do not understand what it is doing to them. From the point of view of benefit to the workingman the system is a fallacy. This is because of the relation which exists between the value of land and value of buildings in the business and the residence sections. The value of the buildings is greater than the value of the land in the business sections and is about equal to the value of the land in the residence section. Therefore "the workingman is stuck." Moreover the workingman is unfavorably affected by the way in which the local improvements are paid for. In the older sections some of these were paid for out of general revenues, while in the outlying districts where the workingmen have bought property, they are being paid for on a frontage basis. It is ridiculous that a big building should pay no more taxes than a little

one when a big one brings in five or ten times as much revenue as a little one. Does it stimulate building? Not a —— bit! Nevertheless, it may possibly have some influence in making some of the business blocks higher than they otherwise would be. (1)

A labor leader:

Workmen are not particularly interested in the tax situation. The system has had little effect one way or the other upon their interests.

A labor leader:

The tax has certainly not operated to improve the condition of the workingman. It has not increased wages. There has been a great deal of building, but the building activity has attracted so many workingmen that an over-supply of labor has resulted. Carpenters still receive the same wages which they received in 1907 in spite of the fact that the cost of living has meanwhile increased enormously. Such workingmen as have tried to take advantage of the single tax now find that the little houses which they have built have become millstones about their necks. With the collapse of the building boom the opportunity to work has been taken away and it is impossible for the men to make the payments on their houses. This is partly their own fault in that many of them assumed heavier obligations than they could rationally expect to carry. Many workingmen, for instance, have bought extra lots for speculative purposes. The single tax had the effect of temporarily expediting building operations. This gave an impression of prosperity which was false and this reacted to cause an over-valuation of land. This high price of land has reacted to the disadvantage of the city in its attempts to secure the location of industries. The really wise man is the one who got rid of his real estate before this dull season began.

A shoemaker:

The single tax has helped to build up the residential districts and in such districts I believe it has worked out with substantial justice. Nevertheless, buildings should be taxed. If a man is rich and has big buildings he should be taxed more than the "poor devil."

Manager of a charitable organization:

Although I own much vacant property I still think that the single tax is a good thing because it makes it hard for men who are exactly in my position. It brings pressure to bear upon the man who holds vacant land out of use, and this practice is a great evil in Vancouver. I do not feel able to pass judgment as to the effect upon the workingman.

A minister and social worker:

I take the general position that values which are not worked for and earned by labor may without injustice be taxed more heavily than other values. The man who merely sits down and receives dividends at the community's expense should not object to yielding a fairly large part of them in the form of taxes. I would venture no statement as to the effect of the single tax upon the interests of the workingman or as to the sentiment among the working classes on the subject of the tax. The whole problem is very complicated and I feel that I am not

(1) The investigator talked with five members of the Typographical Union and with seven members of the Carpenters and Joiners' Union. They agreed that there was not much interest in the tax system among laboring men. They agreed moreover that probably more than one-half of the working men are in favor of the system as it stands at present.

prepared to make a proper analysis of the facts. I believe that there is truth in the argument that the man with the yard is penalized for providing at his own expense a beauty spot for the city.

The principal of an educational institution:

On the whole I favor the system, but it is quite evident that it is neither a panacea nor a plague. It does operate to stimulate building and to penalize the speculator. It makes it very difficult for a man who chances to own unimproved property during times of depression like the present and this is perhaps unjust. It is impossible to build under present conditions in Vancouver and some of the owners of unimproved property are in desperate straits. There is no evidence in Vancouver of an adverse effect on land values. I would not be surprised to see a return to the old system soon. If a return is made it will be because of the antipathy of the people to a high tax rate. They think that a high tax rate is very bad advertising. I believe that the partial exemption of buildings from taxation in New York would mean a stimulation of building in the suburbs and that this would tend to relieve congestion in the slums.

A newspaper editor:

The single tax has greatly stimulated building. It is the direct cause of the construction of many of the skyscrapers and of all other types of desirable building, yet it has nothing to do with stimulating the building of apartments. Through stimulating buildings the system has operated to reduce rents. Although there has never been a clear-cut issue made of the system in a general election I believe that public sentiment is at present strongly in favor of the single tax. A new community can make the change to the single-tax basis with much less difficulty than an old community, and New York should take care lest it make too rapid a change. Ten per cent. a year reduction of the tax on buildings is entirely reasonable, however. I expect to see the city charter changed very soon so that the power of the council to alter the tax base will be taken away.

A newspaper editor:

I am strongly in favor of the retention of the system and think that the opposition to it is negligible. It has built the city and has made it difficult for the man who holds vacant land for a rise in value. There is nothing in the claim that fire protection should be paid for by the building. The skyscrapers are really easier to protect from fire than the shacks which they often replace. It is impossible to protect more than the first seven stories anyway. Moreover, the large buildings usually pay for their own additional fire protection to some extent through hiring of special watchmen and through the supply of special fire apparatus within the building.

A newspaper reporter:

The whole tax system is such a farce that it is not worth discussing.

A newspaper reporter:

The tax rate on land is as high as it can be without injuring the reputation of the city. It would be very disadvantageous to make the tax rate any higher than it is at present. Moreover, the land is assessed at as high a rate as it is advisable to assess it. More money is needed to maintain the city government. It can be secured by a return to the

tax on buildings and this return will soon be made. The present system, in my opinion, operates to the injury of the workingman.

The editor of a newspaper:

I am avowedly an opportunist. The single tax is not a great moral question. A few years ago during the era of rising prices it was a very good thing but I am not so sure about it at present. It has encouraged building, but this is not an unmixed blessing, for now the city is undoubtedly over-built. There has been no effect upon speculation traceable to the tax. The gains from speculation in real estate have been so large as to minimize the penalty of any additional tax which has been imposed. The system seems likely to become oppressive soon and, if it does, dissatisfaction will become very strong. I would oppose a change back to the old system at the present because I believe that, since they have the single tax, they should take more time to test it out. A relatively poor system is better than a constantly changing one.

Present Agitation for Change

The interviews quoted above make it very plain that there is under way at the present time a strong movement in favor of abandoning the single tax and returning to the system of taxing buildings. The force back of this movement finds its strength in varied sources. The most important of these is doubtless the general financial situation in the city.⁽¹⁾ The eagerness to avoid a higher tax rate is probably responsible for the greater share of the sentiment which exists to-day in favor of returning to the old plan.

Another source in which the movement finds strength is the position of persons who own vacant land which, under present conditions, it is impossible to improve. No more buildings are needed in Vancouver at present and it is considered unfair by some that owners of vacant land should continue to be penalized for not improving their property when to improve it is economically impossible under present conditions.

Part of the opposition to the present system comes from those who have watched with misgiving the increase in the number of skyscrapers in the city, with the increased expense for fire and police protection and sewer reconstruction which they inevitably bring with them. An argument which appeals to the small property owner is the one which points out the supposed unfairness of charging to the land alone the expenses of buying a water tower which is necessary only for the protection of a few high buildings.

To the sources of opposition enumerated should be added the antagonism of certain real estate men who formerly favored the system, who feel that during times of prosperity the single tax is a good system but during times when real estate movement is slow it is not. This opposition is largely confined to those real estate men who were surprised by the depression with a large amount of unimproved real estate on hand.

Some opposition is present among the laboring men, due to the supposed discrimination against the owner of a small piece of property and due to the larger percentage of building value compared with land value in the business

(1) Cf. *supra*, p. 176.

section as compared with the residential section. By taking a few exceptional cases in the city a good case can apparently be made out in support of this view; but an analysis of the general figures and the testimony of real estate men as to the value of improvements as compared with land in various sections tends to support a view that at the present time probably the average small property owner, far from being discriminated against by the system, is really favored by it; that is, to return to the old system would mean that the small property owner would pay a larger share of taxes than at present. It is necessary in considering this question of the vacant land in the city to bear in mind that it would pay a much less share to the support of the city government under the old system of taxation. Moreover, the building inspector estimates that approximately fifty per cent. of the land in Vancouver is still unimproved.

The assessment figures for 1914 by wards furnish material which tends to show that there is little in the claim that the small householder at the present time pays heavier taxes than he would under the old system.

STATEMENT SHOWING REVISED TOTALS OF ASSESSMENT ROLLS
FOR 1914

	Value of Improvements.	Value of Land.	Total.
First Ward. High class residence property	\$12,739,750 00	\$19,600,940 00	\$32,340,690 00
Second Ward. Business property..	21,762,020 00	43,949,520 00	65,711,540 00
Third Ward. Water front—approximately half business and half residence property	7,183,770 00	20,878,805 00	28,062,575 00
Fourth Ward. Middle class property	11,864,988 00	25,042,180 00	36,907,168 00
Fifth Ward. Middle class property.	7,713,790 00	12,286,920 00	20,000,710 00
Sixth Ward. Property of mixed character—some fine residence property and some workingmen's homes	12,302,705 00	18,849,355 00	31,152,060 00
Seventh Ward. Suburban property recently developed	1,303,285 00	7,354,630 00	8,657,915 00
Eighth Ward. Suburban property recently developed	1,329,435 00	2,494,310 00	3,823,745 00
Total.....	\$76,199,743 00	\$150,456,660 00	\$226,656,403 00

As has been pointed out (1), the original relations between the value of land and value of the building for the property bought by the typical man of relatively small income, is about \$1,500 in building to \$700 in land. In a city where land values have been growing as in Vancouver, this relationship remains constant only a very short time, and the value of the building under normal conditions forms a progressively smaller proportion of the total value of the property. Probably the typical relationship between land and building for both old and new pieces of property is 50 per cent. land to 50 per cent. building. Indeed, this proportion is so common

(1) *Cf. supra*, p. 195.

that it has become almost an adage in Vancouver that the ideal relationship of improvement to land is half and half. But assessment figures given in the above table show that in Ward Two, which is quite strictly a business ward, the value of improvements is approximately half the value of the land and therefore only one-third of the total value of the property. In all of the strictly residential wards the value of buildings shows a higher proportion to the value of land, with the exception of Ward Seven, which is a suburban ward where there is much vacant property.

It follows from these facts that there is little comfort to be found in the assessment figures for the person who believes that the average property owner is being discriminated against by a system which untaxes buildings. It is possible that such a situation may develop when the relative importance of vacant property in Vancouver decreases or when the number of skyscrapers whose value exceeds the value of the land on which they rest increases to any considerable extent.(1)

(1) In the municipal election, January 14, 1915, Ex-Mayor L. D. Taylor was elected mayor in a four cornered fight in which Mr. Taylor and ex-Mayor Baxter advocated the continuance of the present tax policy, Mr. Douglass was non-committal, and Mr. Martin advocated a tax on buildings worth more than \$2,000. In February, Mr. Taylor was deprived of his office on the ground that he did not possess the necessary property qualifications. A new election was held on March 13th, in which Mr. Taylor defeated Alderman Hepburn, who also favored the single tax.

2. VICTORIA

THE CITY

Victoria, the capital of British Columbia, is beautifully situated at the southern extremity of Vancouver Island with an outlook across a broad expanse of sea to the snow-capped Olympian mountains. The presence of these mountains and the proximity of the Japan current are factors of considerable importance in determining the climate of Victoria, which is remarkably mild and temperate. Largely because of the beauty of the situation and the attractiveness of the climate, Victoria is extremely popular as a residence city.

Like Vancouver, Victoria is entirely surrounded by other municipalities so that it would be impossible to make changes without affecting the limits of other municipalities. The present population of Victoria is estimated at 55,000, although the Dominion census of 1911 gave the population as only 31,660. Including the population of the municipalities immediately adjoining, the population of the metropolitan district thus formed would amount to between 65,000 and 75,000. Victoria is the business centre for the communities of Oak Bay, Saanich and Esquimalt. Moreover, because of its location, it is the distributing centre for most of Vancouver Island and the outlet for much of the produce of the island. In addition to the lumber, minerals and fish, considerable quantities of fruit are being grown on the island and some attention is being devoted to dairying, poultry raising and mixed farming.

Already Victoria has developed considerable importance as a port. During the customs year 1912-1913, 11,407 ships, with a total tonnage of 9,046,113, arrived and departed. An important addition to the harbor facilities is being provided through the expenditure of nearly \$2,500,000 by the Dominion Government for the construction of a breakwater and large docks in the outer harbor.

There is practically no manufacturing in Victoria for other than the local market. The most ambitious projects are a few small shipping yards. The city owes its importance primarily to the fact that it is the seat of government and is a splendid site for residences.

Little has been done in the way of public bonuses for industries. The following are the chief instances: The Canadian Pacific Railway was presented with a piece of land, amounting to approximately seven acres, which, with additions, is now the site of the Empress Hotel. The hotel, moreover, was given free water and a tax exemption for fifteen years. The Esquimalt and Nanaimo Railway was given exemption from taxation for ten years but that period has now expired. Moreover, an agreement was entered into with the Sidney Railway whereby the railway was to be given \$15,000 a year for twenty-five years. Annual payments under this arrange-

ment were made for some sixteen years. The agreement was modified several years ago and the claim of the railway was settled in such manner that annual payments are no longer made. Furthermore, the city in 1889 made a concession of \$10,000 to a flour mill.

The importance of the finances of the city has increased very rapidly in recent years. In 1903 the total receipts of the city were approximately a half million dollars (\$505,532.24). In 1913 the receipts were nearly seven times that amount (\$3,472,678.15).

The city debt, particularly the local improvement debt, shows a remarkable increase also. By referring to the following table it will be seen that, while the city debt for general purposes has nearly trebled during the last six years, by 1913 the local improvement debt had increased to some fourteen times the amount outstanding in 1908.

STATEMENT OF OUTSTANDING DEBENTURES

	General City Loans.	Local Improvement Loans.	Total.
1908	\$3,449,771 81	\$347,985 92	\$3,797,757 73
1909	3,728,771 81	505,245 51	4,234,017 32
1910	4,362,771 81	1,035,736 56	5,398,508 37
1911	5,694,953 81	2,046,772 73	7,741,726 54
1912	8,019,953 81	2,421,102 98	10,441,056 79
1913	9,220,310 60	4,925,973 77	14,146,284 37

Considerable difficulty was encountered in 1912 in marketing the city's bonds upon good terms.(1) At that time six million dollars' worth of local improvement work had been authorized and the city had overdrawn its account at the bank by more than \$2,600,000. A tight money market made it apparent that grave difficulty might be experienced in extricating the city from this position; but, by adopting a policy of retrenchment and by raising the tax rate, the city in 1913 was in much better financial position. The debt outstanding in 1913 for general purposes was distributed as follows:

Water Works.....	\$2,919,000 00
Sewers	2,425,000 00
Drains	275,000 00
Fire Protection	140,000 00
Electric Lighting	141,000 00
School Purposes	1,411,182 00
Streets and Bridges.....	180,128 60
Miscellaneous	1,729,000 00
	<u>\$9,220,310 60</u>

The interest on this part of the debt varies from four per cent. to five per cent. Only small amounts fall due before 1940. The local improvement debt, which amounted to \$4,925,953.77 in 1913 is made up of ten-year

(1) Annual Reports, 1912, p. 3 *et seq.*

bonds, all of which bear four per cent. interest, except two issues made in 1913, which bear four and one-half per cent.

The sinking fund accumulating to care for the indebtedness incurred for general purposes had assets at the end of 1913 of \$999,805.85. The local improvement sinking fund had assets of \$523,311.80, making total sinking fund \$1,523,117.65. Except for \$264,908.63, which is invested in local improvement debentures, the entire sinking fund assets are deposited in a bank at four per cent. interest, compounded annually. The cost of debt service comprises a large item in the city's expenditures. In 1913 the interest on debentures amounted to \$280,129.86 while contributions to the sinking fund amounted to \$323,045.04, making a total cost of debt service of \$603,174.90.

After a period of rapid expansion the city is now marking time financially. In 1914 the council did not order a new assessment of real estate but merely adopted the assessment of the preceding year. Very little new local improvement work is being undertaken. The city, however, has under construction of the Sooke Lake water supply system, a public work which is badly needed. This demands considerable financial support. The officials and citizens of Victoria feel that the general outlook is satisfactory and believe that they are in a relatively fortunate financial position compared with that in which several of the western Canadian cities now find themselves.

THE TAX SYSTEM

The great bulk of the city's revenue has always come from the tax on real estate, which since 1911 has been exclusively a tax on land.(1) The cash statement for the year ending December 31, 1913, shows that the amount of the total receipts, minus cash on hand and bills payable, was \$2,627,461.17. The land tax was responsible for \$1,466,797.09, or more than one-half of the cash receipts. Of the remaining \$1,160,664.08, \$393,463.59, or more than one-third, consisted of receipts from special assessments and frontage taxes. The sum of \$238,347.11 came from water rents. The government subvention for schools amounted to \$63,423.15. Liquor licenses yielded \$49,600 and payments from the Victoria and Sydney Railway \$49,500. Trade licenses brought \$33,584.50. The other receipts netted very small sums.

Special assessments and frontage taxes are levied to contribute toward the cost of cement sidewalks, curbs, gutters, parking and grass plots, paving, street extensions, water mains, sewers and ornamental street lights. The pavements, sidewalks, curbs, and gutters are paid for in part from general funds, the city's share varying from one-third to one-fifth of the cost. Moreover, the city makes special concessions to owners of corner lots. The annual charge for maintaining parking in front of private property is one

(1) The Dominion and provincial tax systems apply in Victoria as they do in Vancouver. During the year ending March 31, 1913, the customs collections amounted to \$2,618,025.13. The province collected from the Victoria City District \$47,477.06 in income taxes and \$24,354.50 in personal property taxes. The succession duties in this district yielded more than in any other district.

cent per square foot. Water mains involve the imposition of a charge of two cents per front-foot, and sewers three cents plus a fixed sum for each toilet. The total cost of installing ornamental lights is apportioned on the frontage basis and a maintenance charge of twelve cents per front-foot is levied annually.

Nearly one-half of the city is built upon rock. Quicksand and water, moreover, are often encountered in excavation. These conditions are the cause of heavy expense in constructing local improvements. Sand, gravel and crushed rock are not high but the term of years over which local improvement payments are spread is unusually short. The annual charge upon the property owner is not exorbitant. For a fifty-foot lot the charge for street improvements, sewers and water mains is approximately thirty dollars and fifty cents a year.

For many years Victoria has discriminated in favor of improvements. For a time they were not only underassessed as compared with land but they were also taxed at a lower rate. The history of the movement, however, is not the story of a uniform progress toward the present condition of total exemption, for a reaction in 1896 resulted for a time in a higher assessment of improvements than had been in effect in the years immediately preceding.

Before 1892 both the buildings and the lands were nominally assessed at their full value and taxed on a basis of one hundred per cent. On February 24, 1892, a by-law was passed by the Victoria council which stated that in order to comply with Section 121 of the Municipal Act passed by the provincial legislature, it would be necessary to make a distinction in the assessment between lands and improvements. Land was to be assessed for tax purposes at its actual cash value, "as it would be appraised in payment of a just debt from a solvent debtor," while the value of improvements was to be estimated for tax purposes at fifty per cent. of the actual cash value determined by the same test. This arrangement continued through 1893. On February 5, 1894, a by-law was passed by the council which directed the assessor to list improvements at only twenty-five per cent. of their full value. This plan held for two years, 1894 and 1895. On January 28, 1896, the council raised the assessment of buildings from twenty-five per cent. to fifty per cent. As will be seen by reference to the table of assessed values, the reduction of the assessment of buildings from fifty per cent. to twenty-five per cent. in 1894 had the effect of reducing the tax base from approximately \$18,500,000 to \$15,500,000. In 1895, without any further reduction of the assessment on buildings, the tax base shrank to \$14,888,675. The increase from twenty-five per cent. to fifty per cent. in the assessment of buildings in 1896, the assessor states, was directly caused by the financial necessity of the situation. The aldermen felt that they must have more money; they did not care to raise the tax rate; and they therefore felt compelled to increase the tax base. Of course, these were years of commercial depression and decreasing values. In 1897, because of changes in the law which had been made by the provincial legislature, it became necessary to assess buildings at their full value, but, at the same time, power was given to

the council to tax the buildings at any fraction of their true value it chose, except that it could not tax them at more than fifty per cent. of their true value. This change in the law had merely a formal effect in Victoria. The assessment figures from 1897 represent a full valuation of the buildings, but improvements continued to be taxed as they had been in 1896, at fifty per cent. of their value. No change was made in this arrangement until 1911. On January 12th of that year an election was held at which the people were called upon to decide whether buildings should be entirely exempt from taxation. The council possessed full power to take this step, had it cared to exercise it, but it preferred to refer the question to the electorate. The election aroused little interest. Out of 7,282 persons eligible to vote, only 2,868 came to the polls. The proposal carried by an overwhelming majority—2,392 in favor, 476 opposed. For the last four years no improvements have been taxed in Victoria.

Before 1897 not only was the distinction drawn between land and improvements by assessing improvements at a different rate from land, but there was a distinction drawn also in the rates of taxation extended against lands and improvements. Thus, in 1891, when both land and buildings were assessed at one hundred per cent., the rate on land was fifteen mills and that on improvements only seven and one-half mills. In 1892, when buildings were assessed at fifty per cent. of their value, the tax on land was fifteen mills and the tax on improvements 13.75 mills. In 1893, when the assessment statistics were the same, the tax on land was nineteen mills and the tax on improvements only twelve mills. In 1894, when improvements were assessed at only twenty-five per cent., lands and buildings were taxed at exactly the same rate, but in 1895, with buildings still assessed at twenty-five per cent., a tax of eighteen mills was levied on the land and only fifteen on the buildings. These same tax rates, eighteen mills for land and fifteen mills for buildings, continued in 1896, when the assessment of buildings was raised to fifty per cent. of their value. Since 1896 the same rate of taxation has been applied to land and buildings.

The following table summarizes the history of the assessment and taxation of improvements in Victoria :

THE PERCENTAGE OF IMPROVEMENTS ASSESSED, THE PERCENTAGE OF THE ASSESSMENTS TAXED AND THE RATES LEVIED ON LAND AND IMPROVEMENTS

	Improve- ments : Percentage Assessed.	Improve- ments : Per- centage of Assessment Taxed.	Rate Levied on Land.	Rate Levied on Im- provements.
1891	100	100	15 <i>mills</i>	7.5 <i>mills</i>
1892	50	100	15 "	13.75 "
1893	50	100	19 "	12 "
1894	25	100	15 "	15 "
1895	25	100	18 "	15 "
1896	50	100	18 "	15 "
1897-1910	100	50	Same for both	
1911-1914	100	0	Same for both	

Victoria operates under the general Municipal Act as amended from time to time by the provincial legislature.(1) The tax base against which the millage rate is at present extended consists solely of the value of the land lying within the city limits. The exemptions are the usual ones prescribed in the Municipal Act.(2) They are by no means numerous.

The following statement shows the assessed values of lands and improvements in Victoria for the past forty years:

ASSESSED VALUES OF LANDS AND IMPROVEMENTS, 1874-1914

	Percentage of Full Value of Improvements Represented by Assess- ment Figures (a)	Assessed Value of Improve- ments.	Assessed Value of Land.	Total Assessment.	Tax Base.
1874.....	100	.....	.....	\$2,433,755 00	\$2,433,755 00
1875.....	100	.....	.....	2,439,505 00	2,439,505 00
1876.....	100	\$818,630 00	\$1,665,195 00	2,483,825 00	2,483,825 00
1877.....	100	.....	.....	2,485,000 00	2,485,000 00
1878.....	100	926,900 00	1,652,985 00	2,579,885 00	2,579,885 00
1879.....	100	.....	.....	2,655,820 00	2,655,820 00
1880.....	100	.....	.....	.....	.....
1881.....	100	.....	.....	.....	.....
1882.....	100	1,150,625 00	1,659,050 00	2,809,675 00	2,809,675 00
1883.....					
1884.....	100	.....	.....	.....	.....
1885.....	100	.....	.....	5,178,800 00	5,178,800 00
1886.....	100	.....	.....	5,643,560 00	5,643,560 00
1887.....					
1888.....	100	.....	.....	5,757,895 00	5,757,895 00
1889.....	100	2,692,800 00	6,256,783 00	8,949,583 00	8,949,583 00
1890.....	100	3,053,970 00	6,304,224 00	9,358,194 00	9,358,194 00
1891.....	100	4,626,830 00	12,936,318 00	17,563,148 00	17,563,148 00
1892.....	50	3,021,955 00	15,727,170 00	18,749,125 00	18,749,125 00
1893.....	50	3,440,555 00	15,070,857 00	18,511,412 00	18,511,412 00
1894.....	25	1,785,005 00	13,774,365 00	15,559,370 00	15,559,370 00
1895.....	25	1,825,705 00	13,062,970 00	14,888,675 00	14,888,675 00
1896.....	50	3,640,460 00	10,901,340 00	14,541,800 00	14,541,800 00
1897.....	100	5,990,840 00	10,813,495 00	16,804,335 00	13,808,915 00
1898.....	100	6,009,280 00	10,819,821 00	16,829,101 00	13,824,461 00
1899.....	100	6,197,580 00	10,804,649 00	17,002,229 00	13,903,439 00
1900.....	100	6,326,770 00	10,840,600 00	17,167,370 00	14,003,985 00

(1) Cf. *supra*, p. 169 *et seq.*

(2) 4 George V., 1914, c. 52, s. 197.

A dispute has arisen concerning the taxation of an old Indian reserve which is now valuable property situated along the water front and suitable for railway and steamship terminals. The province originally owned this 120-acre tract, but gave it to the Indians. Later the Government purchased the tract from the Indians, giving them another reserve. Part of the land is already being used by railways, but thus far the city has been unsuccessful in its attempt to place the property on the tax roll.

	Percentage of Full Value of Improvements Represented by Assess- ment Figures (a)	Assessed Value of Improvements.	Assessed Value of Land.	Total Assessment.	Tax Base.
1901.....	100	6,552,420 00	10,814,280 00	17,366,700 00	14,090,490 00
1902.....	100	6,754,905 00	10,735,690 00	17,490,595 00	14,113,142 00
1903.....	100	6,962,355 00	10,737,220 00	17,699,575 00	14,218,397 00
1904.....	100	7,206,520 00	10,675,460 00	17,881,980 00	14,278,720 00
1905.....	100	7,512,840 00	10,623,314 00	18,136,154 00	14,379,734 00
1906.....	100	7,877,290 00	10,692,845 00	18,570,135 00	14,631,490 00
1907.....	100	8,226,830 00	13,718,250 00	21,945,080 00	17,831,665 00
1908.....	100	9,264,490 00	15,386,360 00	24,650,850 00	20,018,605 00
1909.....	100	10,365,060 00	17,961,060 00	28,326,120 00	23,143,590 00
1910.....	100	11,602,130 00	26,288,102 00	37,890,232 00	32,089,167 00
1911.....	100	13,491,780 00	46,516,205 00	60,007,985 00	46,516,205 00
1912.....	100	17,071,360 00	71,670,770 00	88,742,130 00	71,670,770 00
1913.....	100	23,152,540 00	89,130,150 00	112,282,690 00	89,130,150 00
1914.....	100	26,803,940 00	89,151,990 00	115,955,930 00	89,151,990 00

(a) Improvements were taxed at 50% of their true value in 1892 and 1893; at 25% in 1894 and 1895; at 50% from 1896 through 1910, and were entirely exempt from 1911 to 1914.

Beginning with 1893 the effect of the depression is clearly apparent in the assessed values of land. After reaching a high point in 1892 the values decline until they reach a low-water mark in 1899. Substantial advances do not again appear until 1907. The increases since that time have been truly phenomenal. Moreover, the rise in values has been general throughout the city.

The assessor states that until recently lands have been under-assessed about ten or fifteen per cent. At the present time he considers the assessment very close to actual "cash value," the test specified in the Municipal Act.(1) It is interesting to note that the best business property in Victoria is assessed at \$2,750 per foot of frontage while similar property in Vancouver is assessed at \$2,500 per foot.

The general opinion of the citizens of Victoria seems to bear the assessor out in his statement that the present assessed value approaches very closely to full cash value.

The assessed values of buildings are claimed by the assessor to represent the full value under the rule prescribed in the statutes, which is that the value shall be taken as "the cost of placing, at the time of assessment, such improvements on the land."(2)

(1) 4 George V., 1914, c. 52, s. 197.

(2) Revised Statutes, 1911, c. 170, s. 230.

The following table gives the tax rates in Victoria from 1891 to 1914:

RATES OF TAXATION

(Mills)

	General.	Board of Health and Hospital.	School.	General Interest and Sinking Fund.	School Interest and Sinking Fund.	Total.
1891 { Land	15	.....	.....	.....	.....	15
1891 { Improvements ...	7.5	.....	.....	.....	.....	7.5
1892 { Land	15	.....	.....	.....	.....	15
1892 { Improvements ...	13.75	.....	.....	.....	.....	13.75
1893 { Land	13	6	.....	.....	.....	19
1893 { Improvements ...	12	.....	.....	.....	.....	12
1894 { Land	15	.....	.....	.....	.....	15
1895 { Improvements ...	15	1	2	.....	.....	18
1896 { Land	15	1	2	.....	.....	18
1896 { Improvements ...	12	1	2	.....	.....	15
1897 { Land	15	1	2	.....	.....	18
1898 { Improvements ...	15	1	2	.....	.....	18
1899 { Land	6	1	2	10	.....	19
1900 { Improvements ...	8.5	.5	2	10	.....	21
1901 { Land	8.5	.5	2	11	.....	22
1902 { Improvements ...	9	1	2	12	.....	24
1903 { Land	9	1	2	12	.....	24
1904 { Improvements ...	9	1	2	12	.....	24
1905 { Land	9	1	2	12	.....	24
1906 { Improvements ...	7	1	4	12	.....	24
1907 { Land	7	1	4	12	.....	24
1908 { Improvements ...	11	1	4	9	.....	25
1909 { Land	12.5	1	4	9	.....	26.5
1910 { Improvements ...	14.569	1	3.387	6.352	.942	26.25
1911 { Land	9.75	1	5	7.50	.75	24
1912 { Improvements ...	12	1	2.75	5.25	.....	21
1913 { Land	12.75	.8	2.30	4.15	.....	20
1914 { Improvements ...	13.02	1.08	2.75	5.50	.....	22.35

It will be noted that when the reduction of the tax on buildings from one hundred to fifty per cent. was made in 1892 the tax on land increased from fifteen mills to nineteen mills, while the tax on buildings decreased from 13.75 mills to twelve mills. No change was made in the tax rate in 1896, when the assessment on improvements was increased from twenty-five to fifty per cent. In 1911, when the taxation of buildings was entirely abandoned, the tax rate dropped from 26.25 mills to twenty-four mills, a decrease which was made possible by the enormous increase in land values from \$26,288,102 in 1910, to \$46,516,205 in 1911.

The following table shows the receipts from the rates levied on real estate for the last six years:

RECEIPTS FROM THE RATES LEVIED ON REAL ESTATE (a)

	General Purposes.	Debt.	Board of Health and Hospital.	Schools.	Total.
1908.....	\$178,967 66	\$151,886 36	\$16,598 78	\$66,354 79	\$413,807 59
1909.....	239,937 61	176,307 74	19,459 85	77,839 40	513,544 60
1910.....	387,282 26	174,096 11	26,829 27	115,598 39	703,806 03
1911.....	377,170 07	285,230 59	38,109 02	217,147 13	917,656 81
1912.....	693,212 48	366,786 33	57,979 95	195,270 21	1,313,248 97
1913.....	874,707 95	344,674 13	55,685 65	191,729 36	1,466,797 09

(a) For an analysis of the receipts of the city, *cf. supra*, p. 225 *et seq.*

In Victoria, as in Vancouver, a large discount is allowed for the prompt payment of taxes; but, unlike Vancouver, the tax rate which is usually quoted is the gross and not the net rate. The present discount arrangement is that $16\frac{2}{3}$ per cent. on the amount levied for general purposes and for board of health and hospital purposes shall be allowed if the taxes are paid before October 31st. The taxes are due about the middle of September. Before 1912 the $16\frac{2}{3}$ per cent. discount was applicable to the total tax levy. In 1912-1913 the discount was available only until September 30, but the date for many years preceding 1912 was October 31. From the end of the discount period until December 31st the full rate applies, with no reductions of any sort, and after December 31 an eight per cent. penalty is imposed. Before 1906 this penalty was six per cent., the present rate in Vancouver, but it was found desirable in 1906 to raise the penalty to eight per cent., at which figure it has since been maintained.

The legal limit of the tax rate in Victoria is fifteen mills for general purposes, one mill for board of health and hospital purposes, and seven mills for school purposes, plus "what is required * * * for payment of interest and sinking fund on any debt of the municipality." (1)

When taxes are two years in arrears, a tax sale is held. Until recently taxes have been paid up very completely and a very small amount of land has been sold for taxes. The following table shows the tax arrears for each year from 1908 to 1913:

TAX ARREARS

	Unpaid Taxes.	Unpaid Special Assessments and Frontage Taxes.		Unpaid Taxes.	Unpaid Special Assessments and Frontage Taxes.
1908.....	\$59,241 63	.....	1911.....	\$97,797 89	\$8,046 28
1909.....	65,892 99	.....	1912.....	142,097 60	.....
1910.....	87,243 17	\$36,214 89	1913.....	261,368 72	20,202 78

As will be noticed, the increase in unpaid taxes during the last two years has been considerable and Victoria faces the necessity of selling considerable quantities of land for taxes. The entire exemption of buildings in 1911 caused little immediate distress among property owners. But with the collapse of the boom increasing difficulty is experienced in paying taxes.

(1) Municipal Act, 1914, c. 52, ss. 201-202.

The evidence of the complaints against assessments before the court of revision seems to indicate no considerable degree of distress. In 1914 there were but fifty appeals to the court, an increase of five over 1913. Very few of these appeals were granted.

The average small property holder in Victoria owns a lot which is worth from \$1,200 to \$1,500. At the present rate the tax on a lot worth \$1,200 amounts to \$26.82 and on a lot worth \$1,500 it amounts to \$33.52. In addition to this the property owner, as we have seen, is subject to charges for local improvements, which at the lowest amount to \$30.50 per year.

It appears from the preceding survey that after a very disturbed period before 1896 during which the assessment of improvements was either increased or decreased almost every year, Victoria settled upon a fifty per cent. assessment and continued it for fifteen years. In 1911 the tax on improvements was entirely removed. The change was made at a time of such great real estate prosperity that no reduction in the tax base resulted. Moreover, instead of an increase in tax rate a substantial decrease was found possible. The change in 1911 occasioned little distress, but with the collapse of real estate activity there has been an ominous increase in the item of unpaid taxes.

DATA FOR GAUGING THE EFFECTS OF THE SYSTEM

Building Operations

Before 1908 it was the practice in Victoria to require permits for no buildings except those which were constructed within very narrow fire limits. The statistics for the years preceding 1908 are therefore valueless for comparison with the statistics of the succeeding years. The following table shows the number and value of building permits by months and by years for the period extending from 1908 to 1914:

BUILDING STATISTICS.

	1908.		1909.		1910.		1911.	
	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.
January ..	36	\$54,725	39	\$78,080	35	\$128,985	59	\$151,455
February .	45	72,325	48	122,680	88	151,760	95	182,940
March	60	110,800	58	121,640	64	244,760	121	279,945
April	53	129,625	66	188,060	79	192,440	86	280,110
May	40	79,295	64	188,620	57	257,290	90	287,335
June	45	74,010	46	90,120	67	302,600	93	250,800
July	53	106,070	45	372,120	60	222,290	109	335,375
August ...	59	132,770	43	141,040	66	212,814	127	429,960
September.	38	53,630	47	140,935	67	199,686	112	406,295
October ..	54	99,755	37	104,840	56	124,375	117	563,125
November.	47	104,710	44	53,585	61	104,295	87	616,625
December..	40	113,025	36	71,700	46	131,750	105	242,350
Total..	570	\$1,314,240(a)	573	\$1,773,420(b)	746	\$2,373,045(b)	1,201	\$4,126,315(b)

(a) Includes \$83,500 spent on government buildings erected without permits and \$100,000 estimated general repairs.

(b) Includes \$100,000 estimated general repairs.

BUILDING STATISTICS—Continued.

	1912.		1913.		1914.	
	Number.	Value.	Number.	Value.	Number.	Value.
January	103	\$319,885	125	\$415,980	45	\$323,950
February	156	1,671,070	131	358,950	74	128,465
March	171	861,770	128	631,075	82	205,980
April	151	514,850	154	666,315	80	661,020
May	183	662,165	110	319,460	49	252,775
June	152	617,860	98	365,985	46	229,740
July	149	702,840	67	166,575	36	92,560
August	152	430,815	78	158,815	29	102,520
September	143	377,540	81	228,805	25	18,140
October	131	387,215	75	159,060	21	98,875
November	149	788,505	62	194,390	19	19,135
December	124	742,855	58	104,145	19	10,500
Total.....	1,764	\$8,077,370	1,167	\$4,037,092 (a)	525	\$2,243,660 (b)

(a) Includes \$268,437 of "extras."

(b) Includes \$100,000 of "extras."

In the statistics presented in the above table, removals, that is, the value of the work done in moving buildings from one site to another, are not included. Permits which are taken out and afterwards cancelled are not eliminated. The importance of this item is insignificant, however.

The table which follows shows the various kinds of buildings constructed in Victoria during 1912 and 1913:

DETAILED STATEMENT OF THE TYPE OF BUILDINGS CONSTRUCTED
1912-1913

	1912.		1913.	
	Number.	Value.	Number.	Value.
Dwellings, 1 story	720	\$1,236,065 00	409	\$788,375 00
Dwellings, 1½ stories.....	431	1,128,985 00	144	458,550 00
Dwellings, 2 stories.....	161	813,115 00	78	407,150 00
Dwellings, Alterations	28	34,960 00	....	.....
Dwellings, Additions	60	38,600 00	....	.....
Garages	140	79,205 00	124	60,570 00
Stables	45	61,045 00	32	16,010 00
Brick Buildings, 1 story.....	17	89,150 00	10	66,700 00
Brick Buildings, 2 stories.....	13	221,890 00	2	49,000 00
Brick Buildings, 3 stories.....	15	450,700 00	11	219,950 00
Brick Buildings, 4 stories.....	3	65,500 00	1	25,000 00
Brick Buildings, 5 stories.....	....	.....	1	60,000 00
Brick Buildings, Alterations.....	15	103,240 00	....	.....
Brick Buildings, Additions.....	8	33,425 00	....	.....
Alterations, Wood	25	20,430 00	....	.....
Additions, Wood	12	51,400 00	....	.....
Small Stores and Offices.....	29	46,200 00	40	63,425 00
Reinforced Concrete Buildings, 2 stories.....	1	10,000 00	....	.....
Reinforced Concrete Buildings, 5 stories.....	....	.....	1	45,000 00
Reinforced Concrete Buildings, 6 stories.....	4	436,500 00	....	.....
Reinforced Concrete Buildings, 8 stories.....	2	531,000 00	1	175,000 00
Reinforced Concrete Buildings, Additions.....	1	42,500 00	....	.....
Stone Buildings	1	1,000,000 00	....	.....
Steel Frame Buildings, 6 stories.....	1	175,000 00	....	.....
Steel Frame Buildings, 10 stories.....	1	250,000 00	....	.....

	1912.		1913.	
	Number.	Value.	Number.	Value.
Greenhouses	12	15,550 00	....	.....
Warehouses	16	64,200 00	8	24,200 00
Apartments, Wood	16	127,700 00	28	368,000 00
Apartments, Brick	7	168,200 00	....	.....
Churches	9	190,300 00	5	108,500 00
Schools	8	530,950 00	10	29,150 00
Factories	8	47,880 00	7	31,800 00
Sheds	22	13,480 00	18	3,000 00
Machine Shops .....	....	.....	4	71,200 00
Dry Kilns .....	....	.....	2	9,000 00
Alterations and Additions.....	....	.....	226	370,075 00
Opera House .....	....	.....	....	250,000 00
Sand and Gravel Bunkers.....	....	.....	....	1,500 00
Cold Storage .....	....	.....	....	56,500 00
Observatory .....	....	.....	....	11,900 00
Dominion Theatre .....	....	.....	....	10,000 00
Balmoral Hotel .....	....	.....	....	10,000 00
Victoria Theatre .....	....	.....	....	80,000 00
Cookson Building .....	....	.....	....	3,500 00
British Columbia Permanent Loan Bldg.	....	.....	....	80,000 00
Post Office Alterations.....	....	.....	....	15,600 00
Addition to St. James Hotel.....	....	18,000 00	....	.....
Addition to Lee Dye Building.....	....	2,500 00	....	.....
Addition to F. Foster Building.....	....	8,900 00	....	.....
Addition to Leming Bros. Building.....	....	2,300 00	....	.....
Addition to Hibben & Bone Building...	....	3,500 00	....	.....
Addition to Scott Building.....	....	11,300 00	....	.....
Court House Alterations.....	....	33,185 00	....	.....
Canadian Puget Sound Lumber Co.....	....	25,000 00	....	.....
Hindoo Temple .....	....	9,000 00	....	.....
Y. M. C. A. Alterations.....	....	10,000 00	....	.....
Provincial Government Buildings.....	....	7,300 00	....	69,337 00
Total		\$8,208,155 00 (a)		\$4,037,992 00

(a) Because of the inclusion of buildings for which no permits were issued this total does not agree with that in the preceding table.

In Victoria there is a restriction in force upon the height of buildings. Section 357 of the Building By-Law of 1912, as amended, states that:

(a) No building to be erected within the city of Victoria shall exceed the height of one hundred and thirty feet; (b) no building hereafter to be erected within the said city of other than steel frame or reinforced concrete construction shall exceed the height of eighty feet; (c) no building hereafter to be erected within the said city shall exceed in height the following times its lowest dimensions at the base: for buildings with skeleton frame, four times; for buildings with masonry walls, three times; for frame buildings, one and one-half times (this also applies to wings of buildings); (d) no wooden or frame building intended to be used for human habitation hereafter to be erected within the said city shall exceed the height of forty feet; (e) it is to be understood that in all cases the height of the building is to be calculated from the street grade to the top of coping.

However, in case of refusal of a permit, an appeal is provided from the building inspector to the board of supervisors, consisting of the chair-

man of the fire wardens, the state engineer, and the fire marshal. The decision of this board is final. The only case where the legal limit has been exceeded is a ten-story building at present (1914) under construction. This building will measure 140 feet in height.

The number of apartments in Victoria is steadily increasing, twenty-three having been constructed in 1912 and twenty-eight in 1913. All of the apartments which are in existence to-day have been built within the last three or four years. Both public opinion and the city administration frown upon this movement toward apartment building, the people of Victoria in general being inclined to resent any movement which tends to make the city anything but a community of individual homes.

Credit Conditions

Victoria is a city of rich men. It is the only city visited in Western Canada which secures the bulk of the money for building purposes from its own residents. Not only is this true, but Victoria capital has in addition been used to a considerable extent for financing building operations in Vancouver and other cities of the Canadian West. One real-estate man estimated that the life-insurance companies and the debenture companies provided between thirty and forty per cent. of the total loans made in Victoria for building purposes.⁽¹⁾ Another real estate man estimates their share at only twenty-five per cent. It is the practice to loan funds only to the amount of forty or fifty per cent. of the value of land and building involved in the enterprise.

The universal testimony of the real estate men and bankers who were asked concerning the effect of the tax system was that the transfer of the tax from buildings to land has had absolutely no discernible effect upon the readiness with which loans are made for business purposes or upon general credit conditions.

Rents

The rent situation in Victoria is very similar to that in Vancouver. Until quite recently rents have been very high. About a year and a half ago a decline began and at the present time rents are in general but half what they were in 1912.

Congestion

Victoria is more completely built up than most of the western cities. Surrounded by other municipalities, it has not been able to expand its corporation limits so readily. The records in the building inspector's office show that there were 10,948 buildings in Victoria at the end of 1913. If the number of lots in the city is 20,000, and if allowance is made for

(1) There seems to have been no scarcity of capital at the high rates of interest paid. This gentleman is agent for a life insurance company which has advised him of its willingness to lend money in Victoria. He has not placed a single loan for his company.

the considerable number of buildings which occupy more than one lot, and for residences whose grounds include more than one lot, the result would indicate that between sixty and seventy per cent. of the land in Victoria is built upon. The rough estimate of the officials in the office of the building inspector, based upon their general impressions, is that approximately thirty per cent. of the land in the city is vacant.

The standard lot in Victoria is unusually wide—fifty feet. Moreover, there is a very large number of estates of several acres in extent. There is no indication that the tax has been heavy enough to prevent the better classes from making liberal use of land for residential purposes.

With an area of 4,500 acres and a population of 55,000, the density is 12.2 persons per acre.

Home Ownership

The character of Victoria makes it natural that the percentage of persons who own their own homes should be very high. The city assessor estimates that eighty per cent. of the houses in the city are owned by the persons who occupy them. The manager of the British Columbia Land and Investment Company estimates that not more than twenty-five per cent. of the houses in the city are rented.

Non-Resident Ownership

The assessor estimates that approximately ten per cent. of the land in Victoria is owned by non-residents. There are approximately 20,000 lots in the city. Six or seven years ago an investigation revealed the fact that approximately 1,500 lots were owned by non-residents; so it would appear that the non-resident ownership of land in Victoria was slightly on the increase.

Speculation

No evidence is available which would indicate that the tax system has thus far operated to discourage speculation. The few facts presented under the heading "Non-Resident Ownership of Land" are interesting from this point of view. The assessor states that "a large number" of the residents of the city own an extra lot, which they hold for speculative purposes.

Employment

There is nothing distinctive in the unemployment situation of Victoria. Not so large a proportion of the population is dependent upon employment, particularly in the building trades, as is the case in other cities, and therefore in time of depression distress should be less keen there than elsewhere. But nevertheless there is considerable distress. The absence of public employment bureaus make statistical statements impossible.

General Prosperity

BANK CLEARINGS (a)

1900.....	\$32,038,700 00	1907.....	\$55,330,588 00
1901.....	30,607,315 00	1908.....	55,256,013 00
1902.....	28,680,679 00	1909.....	70,695,882 00
1903.....	30,817,928 00	1910.....	101,566,164 00
1904.....	32,993,113 00	1911.....	134,929,816 00
1905.....	36,890,464 00	1912.....	183,544,236 00
1906.....	45,615,615 00	1913.....	176,977,074 00

	1912.	1913.	1914.
January	\$11,902,519 00	\$15,987,507 00	\$11,639,478 00
February	12,610,627 00	13,950,100 00	10,086,102 00
March	13,246,577 00	15,335,494 00	11,043,187 00
April	14,683,203 00	15,294,112 00	10,987,272 00
May	14,814,154 00	16,555,539 00	11,185,071 00
June	14,775,923 00	15,180,040 00	10,915,671 00
July	17,067,927 00	15,428,229 00	11,981,270 00
August	16,254,587 00	14,133,320 00	.....
September	15,266,380 00	13,852,444 00	.....
October	17,772,643 00	15,227,359 00	.....
November	18,119,381 00	12,772,795 00	.....
December	17,030,315 00	13,260,135 00	.....
Total.....	\$183,544,236 00	\$176,977,074 00	.....

(a) For the years preceding 1910 the statistics are taken from the Year Book of British Columbia, 1911, 1914, p. 327. For the later years, the data were transcribed from the books of the secretary of the Clearing House.

POPULATION (a)

1891.....	18,538	1911.....	31,660
1901.....	20,919	1914.....	55,000(b)

(a) The Dominion Census.

(b) Estimated.

SCHOOL ENROLLMENT (a)

1889 (b).....	1,038	1898.....	2,427	1907.....	2,846
1890.....	1,243	1899.....	2,456	1908.....	2,927
1891.....	1,389	1900.....	2,584	1909.....	3,045
1892.....	1,606	1901.....	2,726	1910.....	3,299
1893.....	1,935	1902.....	2,754	1911.....	3,849
1894.....	2,123	1903.....	2,705	1912.....	4,401
1895.....	2,096	1904.....	2,739	1913.....	4,957
1896.....	2,166	1905.....	2,774	1914.....	4,900(c)
1897.....	2,265	1906.....	2,772		

(a) The information in the table was furnished by W. F. C. Pope, secretary of the Board of School Trustees, Victoria, B. C.

(b) The enrollment for each year is given for the month of October.

(c) Estimated.

GROSS POSTAL REVENUE

1900(a).....	\$42,835 82(b)	1907 (nine months).....	\$53,465 83
1901.....	47,247 57	1908.....	84,769 67
1902.....	50,840 09	1909.....	88,895 07
1903.....	52,778 84	1910.....	96,807 55
1904.....	55,525 10	1911.....	108,344 85
1905.....	56,332 48	1912.....	135,285 96
1906.....	61,466 75	1913.....	171,533 21

(a) Before 1907, the data are for the fiscal year ending June 30th; in 1907 they are for nine months ending March 31st; in the other years, they are for the twelve months ending March 31st.

(b) The figures are taken from the annual reports of the Postmaster General.

STATUS OF PUBLIC OPINION

In Victoria little interest is manifested in the tax system. One newspaper editor who was interviewed called the assessor by telephone to make sure whether buildings were taxed or exempted. There is a strong feeling among the city officials whose duties are connected with the administration of the finances that the increases in the tax rate which are in prospect if the assessment is retained on the present basis will raise the question of returning to the tax on buildings in the near future. Here, as elsewhere, the mass of the people seem not to be "confiscationists."

Summaries of Interviews

A high city official, an avowed single taxer :

The system is excellent and Victoria will never return to the old plan of taxing buildings. The system has encouraged building operations. Thus far, however, it has no effect upon speculation. This is because the plan was adopted at the time when the boom was at its height. From now on, an effect in curbing speculation should become apparent.

A city official :

The single tax does not appeal to one's sense of justice. The benefit theory of taxation is the correct one and the single tax cannot be reconciled with this theory. The buildings in Victoria have not been erected because of a stimulus from the tax system. The big increase in population, due to the attractiveness of Victoria as a place of residence, made the building necessary.

A city official :

The present assessment is very near cash value and the people feel that the tax rate of twenty mills is very high. If the tax base is not altered this tax rate will probably have to go higher. Therefore, Victoria is very likely to return to the old plan of assessing buildings. The question has never been much discussed in the city and has up to the present time not been a matter which has aroused much interest. It has caused people to economize in the use of land. It has operated to penalize the man who wishes a garden. There is force in the claim made by some persons that the buildings should contribute at least enough to pay for the fire department. The effect upon building operations is not easily discernible. On the whole it tends to encourage the rich man to put up a big building which has the effect of forcing out the little ones. Under the system those most able to pay do not pay.

A city official :

A return to the old system may be expected very soon. The present land values are entirely too high. The assessments are on a boom basis and a reduction is inevitable. To raise the necessary revenue by means of the land tax alone will require a higher tax rate than the people will endure. The effect of the tax is to bonus the man who builds. It is wrong to bonus a big building because it aids a rich man to put up a skyscraper which can wipe out the profits of

the smaller building. The skyscraper is unjustifiable under present conditions in Victoria and competes unfairly with the low buildings. Men naturally prefer to be in a large building.

A city official:

The system in force gives general satisfaction. There are probably not twenty people in the city opposed to it. Formerly I was in favor of collecting some taxes from the buildings to contribute toward the expenses of fire and police protection, but I have changed my views and now favor the tax on land only.

A very prosperous real estate man:

The system stimulates building and operates to the disadvantage of owners of vacant property. I and my partners are very decidedly in favor of the system. I have heard "not a word" of complaint or of a proposal to return to the old system.

A prominent banker:

I do not care to make any comment or express any opinion except to state that so far as I have noticed, the system has had no effect on land values, and has caused no credit disturbances.

A newspaper proprietor:

I formerly believed in the single tax and my newspaper took a favorable attitude toward it. But now I will not let my paper "touch it." It is outrageous that the owner of a big building which earns sixteen per cent. or seventeen per cent. should pay no more than the man who owns a vacant lot next door who cannot get money to build. There has been a big reaction against the system in these days of depression.

A very keen and well informed real estate man and financial agent:

The system has stimulated building. There are now buildings going up which would not be under construction were it not for the necessity, forced home by the land tax, of putting the property on a revenue-producing basis. It has had no influence upon sources of loanable funds. It may be necessary to return to taxing buildings for revenue purposes before long. The citizens of Victoria are in no sense "land confiscationists" and when the rate on land gets high they turn to buildings. Public opinion on the question in the town is divided.

A newspaper editor:

My newspaper has always favored the single tax and still favors the system. The present movement against it has not much strength. The single tax stimulates building and has a tendency to make the town compact, which saves expense in paving and the extension of public utilities.

The manager of a large real estate and investment company:

The system works well enough in boom times. Then taxes really do not count. But in times of depression it plays right into the rich man's hands. The man who can afford to do something with his property can save himself. The poor man cannot improve, sell or give away his land. Many people to-day are willing to sell but cannot and find it very hard to pay taxes. It penalizes a few who deserve it, as, for instance, the Hudson's Bay Company, which refused to sell; but the majority of the people are perfectly

willing to sell if they can do so. "The aldermen of Victoria made the mistake of their lives when they took the tax off buildings." They will have to go back to taxing them if the depression continues. The majority of the people are probably in favor of this move. The tax has had no discernible effect on loanable funds and there have been no credit disturbances traceable to the system.

A prominent drygoods merchant:

I favor the system, but for no particular reason. I have a general impression that it is all right. There is no agitation about it and everybody seems satisfied.

II. THE EXEMPTION OF IMPROVEMENTS IN THE CITIES OF THE UNITED STATES

Although there has been considerable agitation in the United States in favor of special land taxes there has been little action. If one ignores the single-tax colony of Fairhope and the numerous cases of undervaluation of buildings as compared with land by the informal and illegal action of assessors, the only places where special land taxes have been adopted are Pittsburgh, Scranton, Pueblo and Everett. The Everett measure never was put in operation. The first steps were taken in the other three cities late in 1914. The cities of the United States, therefore, have little to offer to one who seeks information as to the effects of special land taxes. Decidedly the most interesting material is that offered by Houston, Texas, where by methods entirely illegal the assessment of buildings has been carried very low.(1)

A. HOUSTON, TEXAS

Changes have recently been made in the tax system of Houston, Texas, in the direction of concentrating the weight of burden upon the land. Certain classes of personal property are exempted entirely and the tax on buildings has been materially reduced through the informal action of the city officials and without the sanction of law. The result is the much advertised "Houston System of Taxation."

Before 1911 there was little that was distinctive about taxation in Houston. All property, under the terms of the law in force, was nominally assessed at its cash value.(2) If Houston could be distinguished at all from other cities where the general property tax was present, it would be on the ground that the administration of Houston was even more careless, uneven and haphazard than in other places. Undervaluation, inequality of assessments and evasion were here present to a very great degree.

(1) Serious attempts to secure legislation favorable to the special taxation of land have been made, thus far unsuccessfully, in the cities of New York, Seattle and Reading, and the states of Missouri, Oregon and California. The California proposal was nominally a home-rule measure but was understood as a step toward the single tax and defeated on that basis. *Annals of the American Academy of Political and Social Science*. LVIII, Whole No. 147, p. 222 *et seq.*: *Political Science Quarterly*, XXVIII, p. 19.

(2) The constitution of Texas prescribes the general property tax and imposes the general rule of uniform valuation. "Taxation shall be equal and uniform. All property in this state, whether owned by natural persons or corporations, other than municipal, shall be taxed in proportion to its value, which shall be ascertained as may be provided by law." Constitution of the State of Texas, art. viii, s. 1. The charter of Houston authorizes the council to levy "an ad valorem tax on all real, personal and mixed property within the territorial limits of said city, and upon all franchises granted by the city to any individuals or corporations." Charter of the City of Houston, art. iii, s. 1. The provisions of the general state law are declared to apply. *Ibid.*, s. 4.

Probably there would be nothing even now to distinguish the tax system of Houston from that of other cities, were it not for one individual, Mr. J. J. Pastoriza. About the personality and actions of this man centers everything which makes the Houston tax system peculiar and interesting. To understand the Houston situation, one must understand Mr. Pastoriza. A few statements about this interesting official are, therefore, almost necessary.

Mr. Pastoriza is an old resident of Houston. Until a few years ago he was the proprietor of a prosperous printing establishment. He is an ardent single-taxer. Long ago he was enough interested in the single tax to pledge that, after he had amassed a comfortable fortune, he would retire from business and devote his energy to forwarding the cause of Henry George. At the age of forty-nine he sold his business and in 1911, after a vacation abroad, was ready to undertake anything which promised to aid the single-tax propaganda. He found a municipal election about to be held. Some aspects of the financial administration of the city were open to criticism. Mr. Pastoriza, feeling that he might better conditions, decided to offer himself as a candidate for the position of "Finance and Tax Commissioner." He made business efficiency the slogan of his campaign, promising to give the city's business the same attention which had yielded such satisfactory results when applied to his private affairs. He did not conceal his views about taxation. The people knew that he was in favor of the single-tax. On the other hand, he did not stress these views. He was elected for a term of two years.

The assessments which Mr. Pastoriza found in force when he assumed office are described by him as "chaotic." The greatest inequality prevailed. Evasion was very common. For many years, additions and deductions to the tax rolls had been made in the most arbitrary fashion. Hundreds of buildings, Mr. Pastoriza testifies, were not on the tax rolls at all. There were only a few weeks in which to work before the rolls for 1911 had to be closed. These he devoted to an attempt to secure an equitable assessment of real estate in the business district. Applying a unit-value system, he was able to put the land value assessment for the business blocks upon a much more satisfactory basis than had been the case before. He states that he aimed at equality rather than fullness of assessment, however, the land being assessed at only approximately fifty per cent. of its full value.

In the fall of 1911, work was begun on the 1912 assessment rolls. First, the unit-value system was extended to the assessment of land throughout the city. Two committees coöperated in the work, one from the Chamber of Commerce and one from the Houston Real Estate Exchange. The result was what seems to be the first accurate and systematic assessment that Houston has ever known. Many encroachments and inaccuracies in statements of area were revealed as well as gross errors in valuation. Now, for the first time, could the property owners feel confident that the assessments of land were free from discriminations.

Mr. Pastoriza saw an opportunity at this juncture to take a step toward

the single tax. Land and buildings had been assessed in a haphazard fashion. In systematizing the assessment he proposed a discrimination. He suggested that land be entered upon the 1912 rolls at approximately its full value and that buildings be assessed at only twenty-five per cent. of their value. So much opposition, however, developed to this proposal that it was modified and land that year was assessed at approximately seventy per cent. and buildings at thirty-three and one-third per cent. Moreover, franchises of public service corporations(1) had been added to the tax rolls and a definite policy of light taxation of personal property adopted. Cash, notes, mortgages, credits and other evidences of debt, as well as household furniture were totally exempted from taxation. So far as other types of personal property were concerned the old policy of self-assessment, not rigorously enforced, was continued.(2) This, slightly modified, is the present Houston Plan of Taxation. The modification consists of a decrease in the value of buildings assessed to twenty-five per cent. in 1914. The 1912 assessment of land was changed but little in 1913. ✓

In 1914, however, a re-assessment was made and tax values were greatly increased. It is true that the city limits were so extended at this time as to double the area within them, but the land values within the old limits were raised also. Mr. Pastoriza at this time made a strong attempt to put the assessment of land on a one hundred per cent. basis. The opposition which developed was too strong, however, and the percentage assessed remained seventy. This percentage, Mr. Pastoriza asserts, is based upon a high speculative value of the land, so that after all the land is not so much undervalued as might be inferred.

It is well understood by Mr. Pastoriza that the Houston plan involves action contrary to the constitution. When the question was asked in his second campaign (1913) if the constitution did not state that all property should be assessed in proportion to its value, Mr. Pastoriza replied:

It is true that the constitution says this, but there is not a city or a county in the state of Texas that has ever complied with this constitutional requirement. Houston has never complied with it, so what is the use of splitting hairs? Why this sudden complaint, when heretofore the same fault existed?

In his 1913 campaign, Mr. Pastoriza made his tax policy a distinct issue. "If the voters of Houston don't want the present plan of taxation maintained," reads his political advertisement, "I will ask them not to vote for me for Tax Commissioner. I don't want a job. I am running on this taxation platform and no other, so I trust that you will not misunderstand me. If you like the plan, vote for me; if you don't, vote against me." He was re-elected by a vote larger by 1,200 than that of any other candidate for commissioner.

(1) The assessed value of franchises in 1912 was \$1,783,500 and in 1913, \$2,216,130.

(2) Machinery is classed as improvements and assessed at twenty-five per cent. of its value (1914). Most of the personal property listed consists of merchandise and automobiles.

The assessment data for a number of years back are given in the following table:

ASSESSED VALUE OF PROPERTY(a)

	Land.	Percentage of True Value.	Improve- ments.	Percentage of True Value.	Personal Property.	Percentage of True Value. (c)	Total.
1904.....		?		?		?	\$34,742,081
1905.....	\$20,588,940	?	\$8,526,970	?	\$8,105,005	?	37,220,915
1906.....	23,682,950	?	9,834,410	?	9,110,355	?	42,627,715
1907.....	30,353,950	?	10,438,400	?	10,083,792	?	50,876,142
1908.....	30,486,278	?	10,843,805	?	10,183,532	?	51,513,615
1909.....	36,533,630	?	11,673,185	?	12,061,845	?	60,268,660
1910.....	36,627,205	?	13,129,300	?	13,990,188	?	63,746,693
1911.....	46,916,176	(b)	14,450,615	?	15,927,560	?	77,294,351
1912.....	61,389,670	70%	14,215,660	33%	20,668,520	?	96,273,850
1913.....	61,125,550	70%	13,734,380	33%	22,199,455	?	97,059,385
1914.....	77,853,670	70%	16,705,120	25%	15,019,400	?	109,578,190

(a) The statistics are presented as they appear on the tax rolls. The content of the terms "Improvements" and "Personal Property" has varied from time to time. Thus in 1913 the sum of \$989,000 was listed as personal property when it should really have been listed as improvements. This fact, of course, seriously impairs the value of the figures for comparative purposes.

(b) Land in the business section was assessed in 1911 at approximately fifty per cent. of its fair cash value.

(c) No attempt is made to tax bank deposits, credits or house furnishings. Such personal property as is reached is assessed at substantially the value declared by the owner.

It will be observed that the imposition of the Houston Plan involved no decrease in the tax base. On the other hand, the base has steadily increased. Moreover, it is the testimony of assessment officials that the remarkable rise in land values recorded in the table has been distributed fairly evenly over the entire city. Nowhere in the city, it is said, have there been any considerable reductions in value.

The tax rates for city purposes since 1904 are shown below. Here it will be noticed that the reduction in the assessment of buildings in 1912 was accompanied by a decrease in the tax rate. Moreover, no increase was necessary in 1914, when the second reduction was made.

CITY TAX RATES

(Dollars per \$100.00)

1904.....	\$2 00	1910.....	\$1 70
1905.....	2 00	1911.....	1 70
1906.....	1 90	1912.....	1 50
1907.....	1 80	1913.....	1 85(a)
1908.....	1 80	1914.....	1 85(b)
1909.....	1 70		

(a) \$0.65 for debt and \$1.20 for general purposes.

(b) \$0.70 for debt and \$1.15 for general purposes. Prior to 1913, one-half the rate was for debt and one-half for general purposes.

The assessed values and the tax rates given above are for the city of Houston only. The property in the city, however, is subject to a second assessment by county officials to provide a base upon which county and state taxes are levied. In the county of Harris (in which Houston is located) in 1913 the total assessment was \$129,673,750. Of this sum real property accounted for \$101,040,825 and personal \$28,632,925. The county retains what Mr. Pastoriza describes as "the same rotten system the city had prior to 1911." What percentage of true value the assessment represents is impossible to say.

Upon property in Houston, as assessed by the county, is levied a rate for general state purposes, for state school purposes, later redistributed to the localities, and a rate for county purposes. These rates for some years back are given herewith. To get a true estimate of the tax burden it is necessary, of course, to take these rates into consideration.

COUNTY AND STATE TAX RATES

(Dollars per \$100.00)

	State—General.	State—School.	County.	Total.
1907.....	\$0.125	\$0.20	\$0.55	\$0.875
1908.....	.0625	.1666+	.38	.6091+
1909.....	.05	.1666+	.45	.6666
1910.....	.04	.1666+	.5333+	.74
1911.....	.125	.1666+	.57	.86166+
1912.....	.10	.1666+	.57	.8366+
1913.....	.28	.17	.70	1.15
1914.....	.175	.20	.665	1.04

The property tax is the main source of the city's revenue. The total general revenue in 1914 (year ending February 28th) was \$2,482,095.56. The property tax was responsible for \$1,791,705.06, or seventy-two per cent. of the total. Water works revenues amounted to \$233,004.09 and subventions for schools to \$154,902.72. The other sources of revenue, including special assessments, occupation, poll and franchise taxes, yielded only trifling sums.

As will be seen from the following statement the importance of the receipts from the property tax has not changed greatly in the last five years. The place occupied in the revenues remains approximately the same as it was before the changes were made by Mr. Pastoriza.

	Revenue from Property Tax.	Total Ordinary Revenue.	Percentage of Total Revenue.
1910.....	\$1,024,599 52	\$1,523,969 42	67
1911.....	1,083,693 78	1,582,451 76	68
1912.....	1,314,041 08	1,910,019 70	69
1913.....	1,444,158 70	2,163,772 03	67
1914.....	1,791,705 06	2,482,095 56	72

There is no evidence that the system has been bearing heavily upon the taxpayers. Little difficulty is experienced in making collections. Taxes become delinquent on December 31st. If still unpaid on July 1st, the city files suit. By the end of the year, 94% of the 1913 taxes had been collected. During the next two months this amount had been increased to 96%.(1) This record is about the same as that made in the preceding year.(2) It is true the item of "Taxes in hands of Assessor and Collector" on the general balance sheet is large, \$405,324.70, but this represents the unpaid taxes for a period extending back to 1877.(3)

"The effect resulting from the partial exemption from taxation of personal property and improvements upon land in Houston, Texas, has been magical," declares Mr. Pastoriza.(4) The data submitted in proof of this assertion consist mainly of building statistics, assessments, bank clearings and population statistics. Such data as could be gathered is submitted herewith in order that as fair a judgment as possible may be formed as to the correctness of Mr. Pastoriza's optimistic conclusions as to the effects of the system. In the first place, something should be said of the general economic characteristics of Houston.

The city is located within fifty miles of the Gulf, upon a navigable inlet from the sea called Buffalo Bayou. The location of Houston upon this bayou is the most significant element in its economic history. Without the accessibility to salt water thus afforded, Houston undoubtedly would be of relatively slight significance economically. To-day the Houston Ship Channel, constructed by dredging the old bayou, is admittedly the city's greatest commercial asset. This inlet from the sea has always from the earliest times been used to a considerable extent for commerce. Through a series of improvements by the United States Government begun as early as 1871(5) the inlet was rendered much more serviceable, the channel being made one hundred feet wide and twelve feet deep. The summer of 1914 saw the completion of a more elaborate improvement involving the dredging of the bayou to a minimum depth of twenty-five feet and a minimum bottom width of one hundred and fifty feet. The cost, which amounted to \$2,500,000, was divided equally between the United States and the Harris County Navigation District. Under the agreement the city of Houston is to maintain free wharfage facilities. This ship channel gives to the city the important advantage of "water rates." The annual traffic, most of which is cotton, already amounts to \$53,000,000. It is estimated that the decrease of freight rates made possible by the construction of the ship channel saves \$6,000,000 annually to those who ship goods out of Houston.

(1) City Book, 1914, p. 211.

(2) Reports, 1913, p. 99.

(3) City Book, 1914, p. 170.

(4) The Reason Why Houston, Texas, is Growing (circular), June 18, 1913.

(5) City Book, 1914, p. 11.

Houston claims to be the largest railroad centre and deep water port combined in the South and to have the most extensive railroad facilities south of St. Louis. "Where seventeen railroads meet the sea," is the city's "slogan." Of the seventeen, three—the Southern Pacific lines, the International and Great Northern and the Belt and Terminal Railway—have direct connections with the ship channel.

Houston is primarily a cotton center. In the season of 1912-13, 3,098,044 bales, the bulk of the crop of Texas and Oklahoma, were marketed in the city. But Houston is also a great lumber market. The east Texas timber belt lies close at hand, which supplies large quantities of long leaf yellow pine. It is estimated that the value of the annual lumber cut is approximately \$40,000,000. Sugar and rice are other products which are marketed through Houston. The annual rice product turned out by the seven modern rice mills in Houston is valued at over \$6,000,000. Oil is another important commodity. The city is near the Texas and Louisiana fields and is the converging points for several pipe lines.

However, the city is not merely the marketing place for raw products. The Chamber of Commerce publication states(1) that the city contains 352 factories which manufacture 283 articles of an annual value of approximately \$53,000,000. Nearly 11,000 individuals are employed in factories, and the annual pay rolls are, on the average, \$10,500,000.

All in all, it will be seen that Houston is a city of considerable economic importance whose growth is largely dependent upon its transportation facilities recently improved and upon the development of the great natural resources of surrounding territory, which has been going on at a rapid rate during the past few years.

The following table presents the building statistics of Houston:

BUILDING STATISTICS

		Value.
1905.....		\$1,738,256 00
1906.....		1,975,189 00
1907.....		2,334,525 00
1908.....		3,431,372 00
1909.....		3,346,665 00
1910.....		3,695,145 00
	Number.	Value.
1911	January	139 \$506,300 00
	February	133 155,635 00
	March	188 547,788 00
	April	143 224,280 00
	May	200 181,187 00
	June	161 200,135 00
	July	185 232,720 00
	August	171 306,572 00
	September	200 238,842 00
	October	167 632,659 00
	November	143 197,593 00
	December	86 161,757 00
	1,916	3,585,468 00

(1) City Book, p. 49.

		Number.	Value.	
1912	January	171	\$415,644 00	
	February	224	971,382 00	
	March	259	221,415 00	
	April	296	706,885 00	
	May	306	287,250 00	
	June	215	273,255 00	
	July	246	693,105 00	
	August	262	522,315 00	
	September	185	318,340 00	
	October	236	282,830 00	
	November	233	247,650 00	
	December	214	399,745 00	
		<hr/> 2,847	<hr/>	5,339,816 00
1913	January	222	\$416,277 00	
	February	231	473,550 00	
	March	261	660,045 00	
	April	205	461,700 00	
	May	281	332,460 00	
	June	245	673,765 00	
	July	289	1,026,811 00	
	August	277	220,860 00	
	September	271	366,895 00	
	October	369	382,070 00	
	November	309	233,200 00	
	December	239	184,632 00	
		<hr/> 3,199	<hr/>	5,432,265 00
1914	January	333	\$204,605 00	
	February	352	352,416 00	
	March	419	261,998 00	
	April	481	367,079 00	
	May	419	493,741 00	
	June	436	273,666 00	
	July	307	1,087,580 00	
	August	310	153,177 00	

The values given in the table are not merely the values stated by the prospective builder when he applies for his permit. It has always been the custom to modify these values before publication in order to eliminate the undervaluation to which the builder is prone to resort in order to escape the payment of fees. Fees, however, were discontinued in February, 1912, about the beginning of the building boom attributed to the single tax, and this temptation to undervaluation was thereby removed. Since this time, according to the testimony of the employees in the building inspector's office, building values have approached more closely real values than was the case before. In making comparisons, therefore, it is necessary to discount to some degree, just how much no one would consent to estimate, the statistics for the months since February, 1912.

Moreover, on April 21, 1913, a new rule was put into operation which required that applications for building permits be accompanied by the contract prices and by the plans for the contemplated structures. This rule has operated also to make the building values approach more closely the true value.

Some unusual fire losses were suffered in 1912 and 1913.(1) The following statement gives the damage to buildings in Houston:

1911.....	\$124,373 40	1913.....	\$407,137 23
1912.....	1,376,339 48		

The losses in 1914 were trifling.

But taking the above qualifications into consideration there is still adequate basis for the claim that building activity has been greater since the "Houston Plan" has been in effect. It is not easy to establish a direct connection, however, between the tax systems and this increased building activity.

Mr. Pastoriza has made very definite statements as to the effects of the system upon building. For example, when replying to Mr. Allan Robinson, in the *New York Evening Post*, August 11, 1914, he said:

If he were here (in Houston) and present in the permit office at City Hall a few days, he would hear almost every man who applies for a permit make the statement that 'Pastoriza's plan' has compelled him to build, because he cannot afford to pay the taxes on near the full value of his land without getting a revenue.

The investigator spent several hours in the permit office but heard no applicant plead the pressure of taxation as a cause for building. Inquiry was made of the employee in charge of the issue of permits. He stated that he recalled a few cases where the tax plan was given as a cause for building but that such cases were rare.

In the same article, Mr. Pastoriza states: "If he (Mr. Robinson) were here, I would point out a six-story building, 100x150, and many smaller ones, and take him to the owners, and if they don't admit it, then I'll give in." The investigator requested Mr. Pastoriza to furnish him with the names of some of these owners. Mr. Pastoriza suggested three names, including that of the owner of the six-story building mentioned above. One of the men could not be interviewed, being out of the city. The second, who was not a single-taxer, testified that the tax system had influenced him in coming to a decision to erect two buildings. He would not say that he would not have built the buildings anyway; but the land was valuable, the taxes high and the knowledge that he would not be taxed much more if he put up the buildings on the land influenced him to some degree.

The third man, the owner of the six-story building, denied flatly that the tax system had been any influence at all. He had owned the plot for nineteen years and had improved it with a temporary structure in anticipation of the time when he might improve it permanently. For ten years, he said, he had been carrying on negotiations with various prospective tenants. Finally he was able to make a bargain with a merchant who found it necessary to find a new location and constructed his building.

It is not pretended that such testimony as that given above shows definitely what have been the effects upon building. It does show, however,

(1) Figures are for the fiscal year ending February 28th.

that there are many difficulties in the path of one who seeks to demonstrate that the effect upon building is very direct and very important.

The citizens of Houston are proud of their many large business buildings. An ordinance which has been in effect since January, 1913, provides that no building "shall exceed one hundred feet in height when occupied as stores, warehouses or factories, nor one hundred and twenty-five feet for any other occupancy." (1) The council may make exceptions to this general rule. There are a number of buildings which exceed the one hundred and twenty-five foot limit. Two buildings, the Carter Building and the Rice Hotel, are more than two hundred feet in height. The limit has been exceeded only once since the ordinance has been in force. This is the case of the Texas Building, whose height is 191 feet.

Even the foes of the system in Houston agree that rents have fallen. Several business men stated that the town was overbuilt. There is the usual difference of opinion as to the desirability of the low rents, depending upon whether the individual is the property owner or a renter. Mr. Pastoriza makes much of the decrease in rents, attributing it to the tax system as a corollary of the effect upon building. The causal connection is no more definitely established, however, than in the other case.

One of the opponents of the system gives it credit for an unfavorable effect upon speculation. It has made it more difficult, he states, for real estate men to dispose of outlying property to individuals who sometimes buy land in order to hold it for a rise in value.

In 1900, according to the results of the United States census, the population of Houston was 44,633. By 1910, it had increased to 78,800. Estimates of the present population vary considerably. One local estimate gave the city a population of 125,000 in 1913 and 135,000 in 1914. Mr. Pastoriza, basing his estimate upon the city directory, believes the population in 1914 to be about 129,500. The school census revealed a school population of 21,754 in 1913 and 24,064 in 1914, a considerable increase. But in 1914 the area of the city was twice as large as had been the case in 1913 and the 1914 figures include the new area.

Unfortunately the clearing house statistics in Houston were compiled upon an entirely different basis before 1913 than after that date. Before 1913 the clearings included the debits within as well as between the banks. The figures are as follows:

BANK CLEARINGS

1908.....	\$1,063,835,612 00	1911.....	\$1,379,107,623 00
1909.....	1,279,764,128 00	1912.....	1,886,008,085 00
1910.....	1,340,403,095 00		

(1) Revised Building, Plumbing, Gas and Electrical Ordinances, 1913, p. 39.

The statistics since the beginning of 1913, when the American Bankers' Association plan of reporting clearings was adopted, are:

BANK CLEARINGS (a)

	1913.	1914.
January	\$37,890,336 00	\$49,688,421 00
February	39,735,897 00	38,052,508 00
March	49,527,018 00	38,749,183 00
April	35,863,674 00	34,373,981 00
May	39,137,386 00	34,054,952 00
June	30,127,485 00	32,109,004 00
July	32,582,477 00	31,075,665 00
August	36,239,707 00	28,248,054 00
September	48,935,743 00	.....
October	49,864,334 00	.....
November	45,115,291 00	.....
December	41,862,958 00	.....
	<hr/> \$486,882,306 00	<hr/>

(a) These statistics were transcribed from the records of the clearing house.

The total receipts of the Houston post-office for a number of years are given below. Since September, 1910, postal savings receipts have been included, but the amounts are small:

POSTAL RECEIPTS

1908	\$302,335 00	1911	\$454,316 00
1909	340,567 00	1912	497,796 00
1910	400,880 00	1913	591,033 00

It will be seen that the data presented above is inconclusive. The changes have been made in prosperous years, have not decreased the tax base or increased the tax rates above the former figures. There has been an increase in building activity and a drop in rents. Whether these effects are due to the tax system alone or in great measure is open to question.

It is an occasion for wonder that the present arrangement, illegal as it is, persists.(1) For it does persist, in spite of the fact that the people have had an opportunity to protest against it. Mayor Campbell estimates that not more than twenty per cent. of the people are dissatisfied. It is true that there was considerable opposition in 1912 and again in 1914. In 1914 it accumulated sufficient force to justify formal organization, the Harris County Taxpayers' Association. Counsel was retained and the preliminary steps were taken of protesting the assessments before the city authorities. But little vigor has been shown in taking the case to the state courts, although it is generally agreed that the "Houston Plan" would be declared illegal if tested in the courts. Why the opposition has been so weak and ineffective is therefore an interesting question.

Doubtless the most important reason for the absence of dissatisfaction is that the imposition of the "Houston Plan" really involved less change

(1) Since this was written, certain taxpayers have appealed to the courts for a mandamus and injunction. On March 3, 1915, the petition was granted and the city officials were directed to assess according to the terms of the law. *J. W. Baker et al. v. City of Houston et al.*, No. 65,847.

✓ from the old system than might be expected. Andrew Dow, an ex-councilman and member of the Board of Appraisement, states that it has always been the practice in Houston to value buildings at least twenty-five per cent. lower than land. Just what the change amounted to cannot be estimated because of the chaotic conditions present before 1912. It will be noticed, however, that the assessed value of buildings decreased only slightly in 1912. The increased value of real estate was undoubtedly great enough to absorb without shock the initial transition. It must be remembered, also, that the county tax base on which was levied about one-third of the taxes in 1911, remained unchanged.

Mr. Pastoriza himself testifies that the change has not been great. Replying to attacks charging that the great bulk of the taxes were being shifted to the land, he made the following statement under date of January 28, 1915:

About all the Houston Plan did was to equalize the assessed value of land and buildings, making the man with very valuable land pay the same proportion of taxes as the man who owned a less valuable piece of land.(1)

The second great reason for the absence of dissatisfaction is the fact that the reduction of the tax on buildings is inextricably intertwined² with the general improvement in assessment methods. The question has not been, High or low assessment of buildings? but rather, Low assessments with equality or high assessments and the old chaotic assessment system? Mr. Pastoriza has performed a great public service in introducing accuracy and certainty in the city assessments and the people are undoubtedly very grateful to him.

A third reason why so little objection is made is because property owners fear what Mr. Pastoriza may do if ordered by the courts to observe the constitutional injunction of uniform assessments. He promises an orgy of efficiency in administering the personal property tax. This is a farce which no one is enjoying more than Mr. Pastoriza himself.

Undoubtedly the majority of the voters of Houston are persuaded that it is to their advantage to undervalue buildings. Their belief is probably well founded for less than one-half of the area of the city is built upon and such statistics as are available indicate that approximately one-sixth of the property owners are non-residents.(2) Moreover, the house of the average man appears more valuable in proportion to the land on which it stands than is the typical business block.

Finally, there is no disposition in Houston to refuse free advertising.

It will be seen that the situation in Houston is very complicated and interesting but that there is little basis for drawing conclusions either in favor of or in opposition to the plan of exempting buildings from taxation.

(1) Tempest in Teapot (circular).

(2) The county records show that in 1913 one property owner out of every nine was a non-resident. In 1914, the number had so increased that one property owner in every six was a non-resident.

B. PUEBLO, COLORADO

A modified form of the single tax was adopted in Pueblo, Colorado, in the fall of 1913.(1) An initiative petition had been circulated, calling for the submission to the vote of the people of an amendment to the city charter. The vote cast at the election was light and the majority obtained was not great.(2)

The text of the charter amendment as passed reads as follows:

Section 2, Article IX, shall be amended to read as follows:

Section 2—Tax Levy, How Made—The council shall have power to levy by ordinance an annual tax upon all the taxable property within the limits of Pueblo and upon all the taxable property of the several parts, water districts and park districts thereof, to provide funds for the general expenses of the city and for the payment of interest on the outstanding debts of the city and of the several parts, water districts and park districts thereof and for the payment of the principal of such debts or for the creation of sinking funds for the purpose of making such payments; provided that all taxes levied shall be levied in the manner following, and not otherwise:

a.—On and after January 1, 1914, a tax of not less than one-quarter of one mill, and not more than one mill, shall be levied upon all taxable personal property within the limits of the city, and upon all taxable personal property within the several parts, water districts and park districts thereof.

b.—Real estate improvements and all improvements in or upon land shall, on or after January 1, 1914, be exempt from all taxation for municipal purposes to the extent of fifty per cent. or one-half of its present assessed value; and all such property shall, on or after January 1, 1915, be exempt from all taxation for municipal purposes to the extent of ninety-nine per cent. of its value.

c.—Land, exclusive of all improvements in or upon it, and the franchises of all public service corporations, and all other rights of way and franchises in the public streets and alleys shall never be exempt from taxation for municipal purposes.

d.—Nothing in this amendment shall be construed to abolish or to reduce, or in any way to affect the taxes and licenses levied upon saloons, or dealers in, or dispensers of liquors, as such, nor shall anything herein be construed to affect the collection of taxes heretofore levied and now unpaid.

e.—Nothing in this amendment shall be construed as imposing a tax upon property used exclusively for purely educational or religious purposes, or upon such other property as may now by law be exempt from taxation.

f.—Anything in the charter of Pueblo in conflict with, or inconsistent with the provisions of this amendment, is hereby repealed.

Under the plan outlined in this amendment little time is wasted in putting Pueblo on a land-tax basis. The tax on personal property for

(1) The election was held November 5, 1913. Acknowledgment is made of indebtedness to Professor Warren M. Persons, of Colorado College, Colorado, for most of the data upon which this statement is based.

(2) The vote, as reported in *The Public*, Nov. 14, 1913, was 2,711 to 2,171.

✓ city and park purposes is immediately reduced to not more than one mill and, all except one per cent. of the taxes levied on buildings and improvements for the same purposes are to be removed within another year. It should be noted, however, that the assessment in Pueblo is a county assessment and that state, county and school taxes continue to be levied as before on a base made up of all property. Only the taxes for city and park purposes, a little more than one-half of the total taxes, are levied under the new plan. ✓ (1) State, county and school taxes, amounting to 13.69 mills, are imposed in 1914 upon the old tax base made up of land, buildings and personal property. (2) City taxes for 1914 consist of a one-mill rate on personal property, and a rate of 16.3 mills upon a base made up of the full value of land and one-half the value of improvements.

✓ The first levy under the single-tax amendment was made late in 1914. Mr. J. Knox Burton, commissioner of finance and supplies, states that no changes "in values, rentals, building activity or general business activity" can be traced to the adoption of the amendment. "As a matter of fact," he states, "no one has gained anything by the single tax except merchants renting the buildings they occupy, who are paying this year about one-eighth the tax on their stock of goods they paid last year." (3)

(1) Figures furnished by Mr. Samuel P. McCoun, the county assessor.

(2) Some Facts About Taxes, *The Pueblo Chieftain*, February 28, 1915.

(3) Letter dated April 2, 1915.

C. PITTSBURGH AND SCRANTON, PENNSYLVANIA

In May, 1913, an act was passed by the Pennsylvania legislature which changed the tax systems in force in Pittsburgh and Scranton, by prescribing a gradual reduction in the tax on buildings. The act applies to "cities of the second class," of which these cities are the sole members. The text of the act prescribing the terms of the change is as follows:(1)

They (the assessors) shall classify all real estate in the city in such a manner, and upon such testimony as may be adduced before them, so as to distinguish between the buildings on land and the land exclusive of the buildings, and to certify to the councils of said city the aggregate valuation of city property subject to taxation. It shall be the duty of said councils, in determining the rate for the years one thousand nine hundred and fourteen and one thousand nine hundred and fifteen to assess a tax upon the buildings equal to nine-tenths of the highest rate of tax required for said years; and for the years one thousand nine hundred and sixteen, one thousand nine hundred and seventeen, and one thousand nine hundred and eighteen to assess a tax upon the buildings equal to eight-tenths of the highest rate of tax required to be assessed for those years; and for the years one thousand nine hundred and nineteen, one thousand nine hundred and twenty, and one thousand nine hundred and twenty-one, to assess a tax upon the building equal to seven-tenths of the highest rate of tax required to be assessed for those years; and for the years one thousand nine hundred and twenty-two, one thousand nine hundred and twenty-three, and one thousand nine hundred and twenty-four, to assess a tax upon buildings equal to six-tenths of the highest rate of tax required to be assessed for those years; and for the year one thousand nine hundred and twenty-five, and for each year thereafter, to assess a tax upon the buildings equal to five-tenths of the highest rate of tax required to be assessed for the year one thousand nine hundred and twenty-five, and for each year thereafter, respectively, so that upon the said classes of real estate of said city there shall, in any year, be two rates of taxation.(2)

As will be seen from the above quotation, the initial reduction of one-tenth of the value of buildings is to be made in 1914; the second ten per cent. reduction is to be made in 1916; and further reductions of the same amount are to be made every third year thereafter until 1925, when the assessment of buildings will equal fifty per cent. of their full value. ✓

It should be noted that this arrangement applies merely to municipal taxes, not to county taxes; and, moreover, that school rates are not included within the scope of the plan.

This proposal to reduce the tax on buildings seems to have originated with the Committee on Housing of The Pittsburgh Civic Commission,

(1) Acknowledgment is made of indebtedness to Mr. W. D. George for his kindness in furnishing copy of the law.

(2) Act of the General Assembly No. 147, approved May 15, 1913.

which recommended, in a report made in December, 1911,(1) that the legislature enact a law reducing the assessment on buildings to fifty per cent. of their full value. It is part of a movement toward the rearrangement of the taxation system of Pittsburgh which started several years before. As early as 1908, when the investigators connected with The Pittsburgh Survey examined the situation in that city, the tax system in force at that time began to be the object of sharp criticism. In 1909 the Pittsburgh Board of Trade began an attack upon the system. In the summer of 1910, Mr. Shelby M. Harrison was delegated by The Pittsburgh Survey to make an investigation of the situation and draft a report. This report was prepared late in 1910, and was laid before a number of local bodies which joined together in a movement to correct the abuses which had been shown to exist.

Mr. Harrison pointed out two main defects in the tax system of Pittsburgh as it existed in 1910. The first was the system of classifying real estate for taxation.(2) Land in the outskirts of the city "either untillable or used mainly for growing agricultural products," was designated as "agricultural" land and was taxed at one-half of the full tax rate. A concession was also given to the so-called "rural" real estate, which was defined as "district occupied as residences, mainly by business men of the city, not divided into small lots, but large and of unequal size, ornamented with lawns, trees, shrubberies, flowers, *etc.*" Such property was taxed at two-thirds of the full rate. "City" real estate consisted of tracts "either compactly built up as places of business or residences, or localities contiguous to the built-up portions, laid out into small city lots, partly built upon, and rapidly being sold or improved."

The second defect consisted of the "separate ward rates." A large share of the school expenses was allocated to particular districts, with the result that there were within the city limits sixty-three districts, each with a separate and distinct rate of taxation.

These were defects, according to Mr. Harrison, because they made it easy to carry real estate unimproved, thus holding it out of use, and because they resulted in shifting the burden of taxation from the well-to-do classes which lived largely in the "agricultural" and "rural" districts, to the poorer classes in the community who lived in the congested tenement districts. It should be pointed out that the classification applied not only to land but to buildings also.

So effective were the efforts of the organizations demanding a change in the system, that in 1911 the legislature passed the Halferty Bill, abolishing the classification of real estate. Moreover, a new school code was adopted, which did away with the "separate ward rates" for school purposes. After securing this legislation, attention was turned to the advisability of

(1) Shelby M. Harrison, *The Disproportion of Taxation in Pittsburgh*. Reprinted from *The Pittsburgh District: Civic Frontage, The Pittsburgh Survey*. P. 208.

(2) *Ibid.*, p. 161.

distinguishing between land and buildings for tax purposes, with the result which has already been indicated.(1) In the report of the Civic Commission urging the adoption of the plan, it is pointed out that the price of land in Pittsburgh was higher in comparison to the prices in other American cities of about the same size. This was caused by the city's peculiar topography, by over-speculation in real estate, and by the ownership of great tracts by few individuals. The plan of reducing the tax on buildings, it was urged, would result in lower rents, because the price of land and the carrying charges on buildings would be decreased.

Mr. Thomas J. Hawkins, chief assessor of Pittsburgh, is of the opinion that the law will probably be repealed at the 1915 session of the legislature.

In opposition to the opinion quoted above, Professor J. T. Holdsworth, of the University of Pittsburgh, believes that there is very little likelihood of the act being repealed in the near future.

Because of the very complicated tax situation which has been present in Pittsburgh in the past, and the radical changes which were made in 1911, it will be very difficult to trace the effects of the new law assessing buildings at a lower rate. The effect of the classification scheme and the system of separate ward rates described above was very different in the various parts of the city. It is quite probable that it will be many years, under the new law, reducing the tax ten per cent. every third year, before a considerable number of buildings receive the same degree of undervaluation which was theirs under the old system. The hopelessness of expecting clear-cut immediate results under these circumstances is patent.

(1) Harrison, *op. cit.*, p. 209.

D. EVERETT, WASHINGTON

In Everett, Washington, a city of approximately twenty-five thousand inhabitants located near Seattle, the electors voted in favor of a charter amendment exempting buildings from taxation in November, 1911.(1) Soon after, a new charter was submitted to the people. The following section of this charter was adopted in April, 1912:

Section 154. The assessment, levy and collection of taxes on real and personal property for all corporate or municipal purposes of the city of Everett, and to provide for the payment of the debts and expenses thereof, shall be uniform in respect to persons and property therein: Provided, that for the years 1912 and 1913 there shall be exempt from such taxation twenty-five per cent., and for the years 1914 and 1915, fifty per cent., and for the year 1916 seventy-five per cent., and thereafter one hundred per cent. of the value of all buildings, structures and improvements, and other fixtures of whatsoever kind upon land within said city. Nothing herein shall affect property in said city, exempt from taxation under the laws of the State of Washington.

When an effort was made to put the plan into operation, however, the county officials, whose assistance was essential, refused to pay any attention to the measure and continued to make the assessments on the old basis. This stand was taken, it is said, upon the advice of the state tax commission which took the position that the measure violated the constitutional provision that "all property in the state not exempt by the laws of the United States, or under this Constitution, shall be taxed in proportion to its value." Threats of legal action were made but the question seems never to have reached the courts, the friends of the measure being convinced of the hopelessness of the case. The provision has, therefore, never gone into effect.(2)

(1) *Single Tax Review*, XV, No. 2, p. 78 (March-April, 1915).

(2) Acknowledgment is made of indebtedness for information concerning Everett to Prof. Ralph E. George, of Whitman College, Prof. E. J. Brown, of Oregon Agricultural College, Thomas P. Howe, secretary, state board of tax commissioners of Washington, W. H. Clay, mayor of Everett, and Mr. S. E. Skaggs, formerly tax commissioner of Washington.

PART TWO
GENERALIZATIONS AND CONCLUSIONS

In Part One there are presented in detail the available facts bearing upon the situation in those places in the United States and Canada where special land taxes have been adopted. It remains to summarize the evidence and to draw such conclusions as seem to be justified.

I.

SUMMARY OF THE SPECIAL LAND TAXES IN FORCE IN CANADA AND THE UNITED STATES

The Canadian municipalities which legally taxed improvements at a lower rate than land in 1914 are shown in the table on the following page.

In the United States, Pueblo, Colorado, reduced the assessment of buildings from one hundred to fifty per cent., late in 1914. Pittsburgh and Scranton, Pennsylvania, the same year, reduced the tax on buildings from one hundred to ninety per cent.(1) It is impossible to enumerate the municipalities which undervalue buildings as compared with land without the sanction of law. Such undervaluation is very common both in Canada and the United States. Usually it is accomplished merely by the informal action of the assessor and the fact not extensively advertised because of its illegality. The municipalities of Ontario undervalue improvements greatly.(2) In the cities of Manitoba improvements are illegally assessed as follows: Brandon, fifty per cent.; Saint Boniface, fifty per cent.; and Portage la Prairie, sixty per cent.(3)

In Portland, Oregon, improvements are assessed at fifty per cent. of their value and land at seventy-five per cent., which means a net reduction of the tax on buildings of thirty-three and one-third per cent.(4)

The most interesting case of unauthorized and illegal undervaluation of buildings is Houston, Texas, where they are assessed at only twenty-five per cent. of their value, land being somewhat under assessed also. The remarkable feature of the Houston situation is the publicity which is given the illegal undervaluation. The constitution and statutes of the state are openly flouted and the fact advertised.(5)

Super-taxes on vacant land are imposed by both municipalities and provinces in Canada. Lethbridge, Alberta(6), and a number of the smaller municipalities of British Columbia(7) place an extra burden upon unoccupied land. In Calgary a discrimination is made in water rates against vacant property.(8) The provinces of Saskatchewan, Alberta and British Columbia levy wild land taxes on various types aimed at the speculative holdings of land.(9)

(1) *Cf. supra*, p. 255 *et seq.*

(2) *Cf. supra*, p. 14 *et seq.*

(3) *Cf. supra*, p. 19 *et seq.*

(4) *Cf. Financial Statement*, Aug. 12, 1914.

(5) *Cf. supra*, p. 241 *et seq.*

(6) *Cf. supra*, pp. 77, 78.

(7) *Cf. supra*, p. 170.

(8) The frontage charge is doubled in the case of unoccupied real estate.

(9) *Cf. supra*, pp. 34-35, 75-76, 164.

PERCENTAGE OF IMPROVEMENTS TAXABLE IN 1914 IN THOSE CANADIAN MUNICIPALITIES WHERE LEGAL
REDUCTIONS HAVE BEEN MADE

	MANTOBA.	SASKATCHEWAN.	ALBERTA.	BRITISH COLUMBIA.
Cities	Winnipeg 66½% Other cities, no legal reduction. (a)	Moose Jaw 45% Regina 30% North Battleford 30% Weyburn 30% Saskatoon 25% Prince Albert 15% Swift Current 15%	Wetaskiwin ... 80% Lethbridge 33½% Calgary 25% Edmonton 0% Medicine Hat... 0% Red Deer..... 0%	Vancouver 0% Victoria 0% 33 City Municipalities in all— 15 taxed improvements at 50% 1 " " 33½% 1 " " 30% 1 " " 25% 15 " " 0%
Towns	No reduction. 100%	71 Towns— 42 taxed improvements at 60% 3 " " 50% 3 " " 45% 2 " " 40% 1 " " 35% 2 " " 30% 2 " " 25% No information for 16 towns.	47 Towns— 2 100% (d) 45 0%	
Villages	No reduction. 100%	(b) 185 taxed improvements at 60% 61 " " 0%	93 Villages— 1 100% (e) 92 0%	
Rural Municipalities..	0% (c)	0%	0%	28 District Municipalities in all— 1 taxed improvements at 100% 2 " " 50% 1 " " 10% 24 " " 0%
Local Improve- ment Districts.		0%	0%	

(a) For actual undervaluation, cf. *supra*, pp. 19, 20.

(b) These statistics are for 1913, the latest available.

(c) In case the land is improved for farming, stock raising and gardening.

(d) Stettler and Cardston.

(e) Loughheed.

Finally there should be mentioned the new unearned increment tax of Alberta which appropriates for provincial purposes five per cent. of the increases in land values.(1)

It has been pointed out by many that, in spite of the various measures adopted exempting improvements and imposing special land taxes, the result has nowhere been that all revenues are collected from land. This is true even in cities like Edmonton, where all buildings are exempt and where practically all other sources of municipal revenue have been abandoned. The single tax is, therefore, not really in existence, for there are still provincial and Dominion taxes levied upon the inhabitants. These are usually indirect taxes and therefore cannot be accurately distributed according to the source of payment. But Mr. Archibald Stalker has made a rough calculation by apportioning the provincial and Dominion revenues on the basis of population, assuming that each individual pays the same proportion of the provincial and Dominion taxes. Using the figures for 1911, he finds that in Edmonton the largest proportion of taxes is drawn from the land, but that even here only fifty per cent. comes from this source.(2)

It would be a mistake, however, to use these facts as a basis for dismissing the Canadian experiments as being without value. Several large cities have gone as far as they can toward the single tax, with the result that all direct taxes fall exclusively upon land. The movement has been of sufficient magnitude to deserve serious consideration and study. Moreover, the immediate proposal under consideration in New York does not contemplate action so radical as that which has been taken in the cities of Canada. So far as the nature of the change made is concerned, therefore, the experience of the Canadian cities might be expected to be of significance for New York City.

II.

THE EFFECTS OF THE EXEMPTION OF IMPROVEMENTS FROM TAXATION

In analyzing the statistical data presented in the first part of this report in order to ascertain what have been the effects of the single tax experiments, two general lines of procedure are open. First, the statistics of a given city may be examined for the years preceding and following a change in the tax system and an attempt made to judge how far the alteration in the tax system may be held responsible for the changes noted in the statistics. This method inevitably involves an assumption as to what would have occurred had the change in the tax system not been made. It is not an entirely satisfactory method in the case of the problem in hand, for the

(1) Cf. *supra*, p. 73 *et seq.*

(2) Stalker, *op. cit.*, p. 49. In assessing land values, it is universally the custom in Canada to make no allowances for that part of the land value which is due to the expenditure of capital in the land or upon improvements directly benefiting the land.

cities of western Canada are, in their nature, exceedingly dynamic and addicted to sudden spurts of growth and decline. To assume for them a steady regular development and to make comparisons upon that assumption would be to invite all sorts of statistical disasters. The cities are normally irregular because of conditions other than those connected with their tax systems. A change in taxation may coincide with the beginning of a new upward or downward movement, but to impute a causal connection between the two would in most cases be very reckless.

The second method consists of comparing cities or groups of cities of substantially the same economic characteristics, some of which have made the change in the tax system while others have not. At the beginning of the investigation high hopes were entertained for the second method. It was thought that by correlating the data a statistical demonstration might be made of the success or failure of the single tax. A visit to the cities of the Canadian West, however, is not conducive to faith in this method of treatment. One becomes very skeptical of the soundness of comparisons between cities. No two cities visited were strikingly similar. Nowhere were economic conditions even approximately identical. Each had peculiarities great enough to make it substantially different from the others. Medicine Hat's gas supply, Winnipeg's water power, Edmonton's Peace River Valley, Vancouver's harbor, Victoria's climate are exclusive characteristics of greater importance than their tax systems. They are elements which cannot be ignored. It is true that these elements might cancel each other if a large group of cities were used for comparative purposes. But here another difficulty presents itself. Every large city in the Canadian West has taken long steps toward the single tax. There is consequently a lack of material for one group. The smaller places offer no relief, for the necessary data are not collected in such municipalities as towns and villages. In this case, then, a purely inductive study would mean nothing more than an abuse of statistics. The results attributed to the tax system could be explained on a half dozen grounds, equally plausible—transportation facilities, fuel supplies, relationship to hinterlands, bonusing and advertising, or even the energy of particular real estate and development companies.

It is not intended to imply that statistics may not be used to good advantage in forming judgments and drawing conclusions about the operation of the taxation systems in these cities. It is merely pointed out that they cannot be used as the sole basis for forming judgments and drawing conclusions. For the reasons enumerated they cannot be depended upon in this case to carry too large a share of the burden. Because of the complicated conditions it is impossible to make a statistical study of great definiteness and conclusiveness. Reliance therefore must still be made upon more or less theoretical reasoning, facts and figures being used to confirm or deny, which might be expected on the ground of fundamental principles.(1)

(1) Fortunately practically all of the general principles of economics and finance involved in the situation are universally accepted.

A. *Municipal Revenues*

The exemption of improvements has had a variety of effects upon municipal revenues. Until recently in the larger municipalities there have been no fiscal difficulties traceable to the exemption policy. In the past two years, however, there have been indications in Regina, Saskatoon, Edmonton and Vancouver that, without resort to tax rates unattractively high, sufficient revenue may not be obtained from the restricted base furnished by the land—plus, in the case of the first two cities, a small fraction of the value of improvements.(1) A reason given in Regina for the failure further to reduce the tax on buildings was that speculative land was an undependable source of revenue and that as a measure of caution it was wise to retain in the tax base the item of improvements which were on a income producing basis. ✓

The fact is that the municipalities of western Canada have been collecting toll from land owners willing to pay in the hope of future recoupment. The land values are predominantly speculative, in that they are a capitalization of an expected income rather than of a succession of incomes already being realized. The present depression has had the effect of jarring to some extent the faith of investors in these future returns. If this jarring continues they will be unwilling to pay out money upon the assumption that the expected returns will be realized. This means a very serious fiscal problem for the municipalities. There are some indications that the practicability of remaining on a predominantly land-tax basis has already become a very acute question. The large amounts of unpaid taxes would seem to show that there is good basis for at least part of the lack of confidence in the land tax as a source of revenue in regions where the speculative holdings are prominent. In Edmonton the 1914 taxes were payable in September. Less than one-half had been paid by the middle of March. At the end of 1913, the unpaid taxes in Saskatoon amounted to \$576,933.97, and in Vancouver, at the same time, they were \$689,969.19. The reluctance of the authorities to sell land for taxes may be significant in this connection. Calgary has not had a tax sale of land since 1911, Vancouver since 1909 and Edmonton never! There is some talk in Edmonton and much talk in Vancouver about the necessity of abandoning the policy of entirely exempting improvements because of the difficulty of obtaining revenue at rates which will not result in the confiscation of existing land values. ✓

Reliance upon land taxes only in some of the smaller municipalities has had the most disastrous fiscal consequences. Not only was it impossible under this scheme to carry out contemplated improvements, but it was also difficult to meet financial responsibilities already assumed.(2)

The experience of the Canadian municipalities shows conclusively that land values cannot under all circumstances be depended upon to supply in a satisfactory manner the necessary public revenue. In the large municipali-

(1) Cf. *supra*, p. 40 *et seq.*, p. 55 *et seq.*, p. 85 *et seq.* and p. 174 *et seq.*

(2) Cf. *supra*, pp. 78-81, 129-154.

ties the fiscal question resolves itself into a question of willingness to endure a high tax rate. In the small municipalities there are cases where the land values seem to constitute an insufficient base, no matter what the rate.

B. Costs of Administration

Unless improvements are entirely exempted, no saving is effected through a reduction in the expenses of administration. In Vancouver, indeed, buildings are assessed each year in spite of the fact that they have not been taxed for several years past. The saving in Edmonton, on the other hand, has been considerable. Here, it will be recalled, the building tax, the business tax, the poll tax and the income tax have all been abandoned, leaving only the land tax.

C. Tax Rates

The Canadian municipalities have shown a decided reluctance to reduce the assessment of improvements where such action involved an increase in the tax rate. Remarkable as it may seem, the reduction in the assessment of buildings in the cities was accompanied in almost every instance by an actual decrease in the rate of taxation. So far as it has been possible to discover, the only cases where rates were increased were in the small towns of Alberta, where the citizens had no real voice in determining what was done, in Calgary in 1909 (3.5 mills), in Vancouver in 1906 (2.22 mills), in Edmonton in 1905 (1 mill in Catholic rate), in Regina in 1911 (.1 mill) and Saskatoon in 1912 (1.5 mills in separate school rate). It will be noticed that the increases in the cities, when they occurred, were slight. Evidently practical considerations are given full weight. The city officials in several instances frankly stated that one of the reasons why further reductions were not made was because the step would cause an increase in the tax rate. Their keen appreciation of the advertising value of low rates prevents increases in the rates whenever they can possibly be avoided.

The statements made in the preceding paragraph contemplate those increases only which resulted immediately in the year when the change was made in the tax base. With the present slump in land values, tax rates show a tendency to increase. Under such circumstances rates might be expected to increase more rapidly, of course, and to a higher point than would be the case were buildings fully taxed. It is also obvious that lower tax rates would have been possible had buildings not been exempted.

The effect of exempting improvements in the towns of Alberta had a striking effect upon rates, the increase being very general and in many cases enormous. In Castor the rate reached the unheard of level of 85 mills, extended against property assessed at a high percentage of its value.⁽¹⁾

Under certain conditions, therefore, the imposition of the land tax may cause serious increases in the tax rates. The transition to the land tax in the more important municipalities of western Canada was made, however,

(1) *Cf. supra*, pp. 142-143.

at extremely propitious times, with the result that there were slight immediate effects or none at all in the direction of increased rates. The cities with land only as a tax base, however, seem to be more susceptible to increases in periods of depression. The recent increases in the rates in Vancouver, Calgary and Edmonton are cases in point.

D. Assessed Values and Tax Bases

The reason why it has usually been found unnecessary to increase tax rates in the cities when steps were taken toward the land tax is not that expenditures have been reduced but that the tax base has expanded.⁽¹⁾ Almost invariably decreases in the tax on buildings in the cities have been accompanied by large increases in the tax base. In Saskatoon, Edmonton and Calgary there has never been a decrease in the assessment of buildings in a year when the tax base would be diminished thereby. In Victoria, in 1894, it is true, a reduction in the percentage of improvements and the depression which was present resulted in a decrease in the tax base from approximately \$18,500,000 to \$15,500,000. This shrinkage continued to some extent in 1895. But instead of increasing the tax rate, the council increased the tax base by restoring the tax on buildings. The percentage assessed was increased from twenty-five to fifty per cent. The only other instance encountered in the cities visited was the Vancouver reduction in 1895. Here the decrease in the building assessment entailed a diminution of the tax base from \$18,301,084 to \$15,988,554. But in this case an increase in the tax rate was made unnecessary by a reduction in the tax levy.

On the whole, it is evident that the cities have shown themselves very unwilling to take steps voluntarily toward the single tax where such action meant a diminished tax base.

In the towns of Alberta, on the other hand, the introduction of the land tax caused, in many cases, great decreases in the tax base. In an effort to keep the tax rates within legal bounds, many towns resorted to over-assessment, the provisions of the law then in force seeming to encourage this practice.⁽²⁾

It will be seen, then, that in general the transition to the land tax was made under the most favorable circumstances—during eras of expansion when the elimination of certain items in the tax base was more than made good by the expansion of other items. Where this was not true either disaster was the result, as in the Alberta towns, a return to the old system soon followed, as in Victoria, or a decrease in the tax levy lightened the burden, as in Vancouver.

E. Land Values

In the case of land values the effects have varied greatly in degree from place to place. The point is sometimes made that the tax system itself serves as an attraction to settlers, stimulates building and is therefore

(1) It is true that an increase in the tax rate was avoided in Vancouver in 1895 by decreasing the tax levy. But such instances are exceedingly rare.

(2) Cf. *supra*, pp. 78-81, 129-154.

the cause of increased land values. The publicity commissioners of the various cities state that the inquiries from prospective settlers seldom refer to the tax system in vogue. But what is much more important, perhaps, is that business men considering the possibility of locating factories in a city do make careful inquiry and are sometimes encouraged by the type of tax system in force. If the land tax encourages building it may have some such effect as that indicated, but whether it has or not depends largely upon whether the energy devoted to building is newly created or merely diverted from some other channel.(1) Aside from these considerations, no one will deny that a heavier land tax tends to depress land values.

In the cities of Canada, as has been seen, the values have not been prevented from expanding by the tax system. The real question here is, would they not have expanded more had the burden on land been lighter. It would be difficult to find any thoughtful man in western Canada who would answer this question negatively.

The rates of taxation levied in the cities have not been great, and, as has been seen, it has been unnecessary in the larger places to increase rates when buildings were exempted. In other words, new land values have developed with sufficient rapidity to carry the additional taxes. An owner of a piece of city real estate has not been called upon to assume a heavier burden. The transition could not have been so easily made had the situation obtained in western Canada which obtains in New York City, where land values on the whole are increasing somewhat but where values in some great zones are increasing at the expense of values in other zones. The assessors of the western cities are unanimous in their testimony that the increases in land values have been general throughout their cities. Decreases in the real estate values in any section have, until recently, been almost unheard of.

During the past two years, there has been a real estate depression in western Canada. There is little disposition to blame the tax systems for the depression. It is a reaction such as commonly occurs after a period of activity like that experienced during the half dozen years before. Land values have declined. The fact that taxes are apportioned largely on the basis of land holdings certainly does not operate to increase the popularity of land as an investment during a period of depression. That the owners of unimproved real estate are now feeling the pressure is the universal testimony. Many of the large owners of such property have few resources other than their investments in land. They bought land in the expectation of selling, not of holding over a period of depression. With them the payment of taxes is a serious matter. Their difficulties constitute a weakness in the real estate situation which undoubtedly has a depressing effect upon land values.

The most important testimony as to the effects of land taxes upon land values comes from the Alberta towns. If doubt exists as to whether land

(1) *Cf. infra*, pp. 51, 67, 127.

values can be destroyed by taxation, it may be dispelled by an examination of the situation there. The wholesale surrender of land in Castor is an extreme illustration of the tendency.(1)

In most places in western Canada the change to the land tax had slight perceptible effects upon land values. This was because the changes were made at the time of enormous increases. In a few places the land taxes have practically destroyed land values. It is a question, then, of the circumstances under which the changes are made.

F. Building Operations

It is significant that practically every one in western Canada is convinced that the exemption of improvements stimulates building. It is very seldom indeed that a person is found who believes that the system does not have this effect. Even some of the bitterest opponents of the single tax, concede this and attack it on the ground that the stimulus is an artificial and unhealthful one.(2)

The line of reasoning usually advanced in support of the opinion that the system encourages building is that the reduction of the tax on buildings means a reduced carrying charge and therefore the elimination of at least part of an obstacle which causes prospective builders to hesitate. Moreover, if no tax, or even merely a low tax, is levied upon improvements, builders, it is said, construct finer structures than otherwise because they are assured that they will not be "penalized" through the imposition of a heavier tax.

Many of the Canadians go even further than this and consider the effect of shifting the burden formerly borne by the buildings to the other part of the tax base, the land. The point is urged that the heavier land tax makes more difficult the practice of holding lands for a rise in value. The speculator, it is claimed, will be influenced to improve his land by the necessity of securing a revenue with which to pay his carrying charges. This propelling force is in addition to the attracting force of the lower tax on buildings.

Most economists and business men are in entire accord with the Canadians so far as they have carried the analysis. However, the point has been raised by a number of economists,(3) although it is denied by others,(4) that the effect of charging to the land the sums formerly raised by the tax on buildings may be to discourage building operations. They insist that this effect must be taken into account and compared with the stimulus supplied by the reduction of the tax on buildings before a fair estimate can be made of the net results of the entire operation. It is pointed out that, in some places at least, the prospective gains through the increased earning power and value of the land are considered by builders in arriving at their

(1) *Cf. supra*, pp. 142-143.

(2) *Cf. supra*, p. 217.

(3) *E. g.*, Alvin Johnson, "The Case Against the Single Tax," *Atlantic Monthly*, Jan., 1914, p. 31 *et seq.*

(4) *E. g.*, B. M. Anderson, Jr., "Unearned Increments," *Land Taxes and the Building Trade*, *Quart. Jour. Econ.*, Aug., 1914, pp. 811-814.

decision to build and that a piece of land that is increasing in value will be built upon at an earlier date than the piece which is not expected to increase in earning power or value. A tax which would impair the prospective increase, it is argued, would therefore discourage building.

The fact that this argument is not encountered in western Canada raises a presumption in favor of the position that the stimulus supplied by the reduction of the tax on buildings has been much stronger than the discouragement to building through the impairment of increments by heavy land taxes. This conclusion is strengthened by the evidence in regard to the increase in land values in all of the cities. The increases in selling values have been phenomenal, probably greater than the general expectation. Moreover, the tax rates have been low and the transfer to the land tax has in most cases been gradual and without shock. In very few cases, it will be recalled, was it found necessary to raise the tax rates when the reductions were made in the tax on buildings.

All of this would indicate that the Canadians have ground for the faith that is in them. It is certain that, right or wrong, they believe that the system stimulates building and their belief is, of course, tremendously important so far as practical results are concerned.

With the aid of the accompanying diagram showing the value of buildings constructed annually in the various cities visited it is possible to make some general deductions concerning the effects of the land taxes upon building activity.

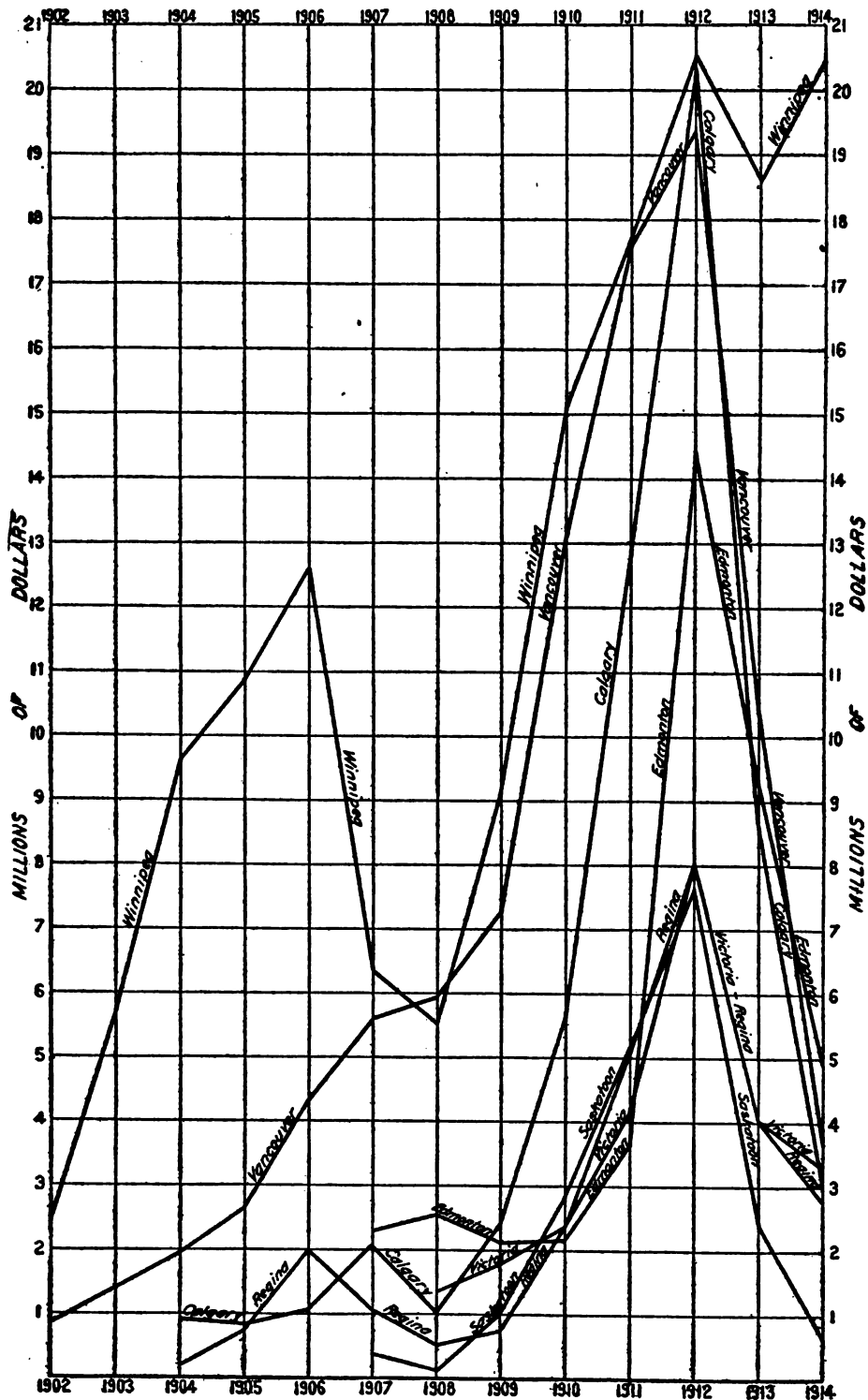
In the first place the reduction of the tax on buildings does not in itself insure a building boom. The tax system is not the primary cause of building activity. In 1913 Saskatoon reduced the tax on buildings ten per cent. The value of buildings constructed that year dropped from approximately seven and one-half million to two and one-half million dollars.

Moreover, the absence of a tax on buildings is not in itself an insurance that building activity will continue indefinitely. Witness the slump in all of the cities except Winnipeg in 1913 and 1914.

It is true that the changes in the tax systems were accompanied by great building activity. That the changes in the tax systems were responsible for part of the activity is not denied. On the contrary, it is vigorously affirmed. But tax changes are not of chief importance. They are not the most influential factors. It is easy, here, to confuse cause and effect. It is probably true that the building activity was a more important cause of the tax changes than *vice versa*. The members of the councils were careful in almost every case to make the changes only during periods of expansion and prosperity. Building activity is one of the primary tests of prosperity in the Canadian cities.

(Note to diagram.) (a) The 1914 figures, in the following cases, are estimates based upon the figures for the first months of the year: Winnipeg, five months; Saskatoon, six months; Vancouver, nine months; Victoria, seven months; Calgary, six months; and Regina, six months.

BUILDING STATISTICS OF SELECTED CITIES IN WESTERN CANADA (a)



It is impossible to draw convincing conclusions from the data as to the effect upon buildings because of the lack of sufficient statistics suitable for purposes of comparison. Additional analysis, however, may have the result of showing more clearly that the tax factor does not deserve the attention it has received. From 1908 to 1912, Vancouver and Winnipeg ran a close race for first honors in building activity. Vancouver in 1910 dropped off its last twenty-five per cent. on buildings. In 1909 Winnipeg reduced its building assessments one-third. These two cities, which are often compared, although they are very different, economically, were almost even in the race in 1912. During the past two years Vancouver, with all improvements exempt, has slumped enormously, while Winnipeg has maintained a very considerable degree of activity.

Calgary and Edmonton are often compared. Edmonton has not taxed improvements during this period. Calgary brought the assessment of buildings down from one hundred to twenty-five per cent. in a series of reductions extending from 1909 to 1912. Calgary's curve increases more rapidly and goes higher than Edmonton's. Both drop heavily in 1913 and 1914.

It may be interesting, if not important, to point out that building activity like that described above is not peculiar to Canadian cities. Portland and Seattle can show statistics which equal Vancouver's and Winnipeg's in amount and exceed them in the number of years during which the activity was sustained.(1)

The foregoing discussion may at least serve to show how difficult it is to trace statistically the effects of changes in a tax system. That the changes are not so important as is sometimes claimed is patent.

Perhaps it may be worth while to mention a point which is much discussed in Vancouver at present. It is claimed that under the conditions now existing in the city—population decreasing, many buildings unrented—it is economic suicide to build. So far as the land tax operates as a propelling force influencing owners to improve their lots, it is claimed that it is unjust. The owner cannot build. Yet he is penalized for not building. Vancouver, of course, is in the midst of a depression and the situation is unusual.

It is evident that here, too, the question of the effects of exempting improvements is largely a question of the circumstances present where the change is made. Under normal conditions the change may be confidently expected to have the effect of stimulating building unless the new arrangement involves the impairment of the expected increment and thus discourages building to a greater extent. Whether the expected increment is impaired is then a question of the size of the tax, of the expectation and of the increment, all three of which vary from situation to situation. Under the conditions recently present in Western Canada, the system seems to have operated to encourage building to some extent and the various social con-

(1) The crest of the wave was reached in Portland and Seattle in 1910, while in Canada it was not reached until 1912.

sequences which follow increased building may fairly be attributed to the system. The fact that it has stimulated building in Western Canada, however, is not certain evidence that it will have that effect in New York City.

G. Rents

Western Canada has little experience of value to offer as to the effect upon rents of the policy of exempting improvements. There has been an interesting movement in rents. The story is the same in all the cities. Until the last two years rents have been exorbitant. Recently they have fallen. In some places they are now as inordinately low as they were high a few years ago. The whole situation is abnormal. During the years of expansion it was impossible to supply the demand for houses and business quarters. It is said that four thousand people lived in tents in Edmonton through the winter of 1912. With the contraction of activity and decrease in population there is in some places an over-supply of buildings. Rentals are proverbially unstable and susceptible to influence. A few houseless tenants or a few tenantless houses can do much to demoralize rents. Since the tax system has had something to do with stimulating building, it is partly responsible for the present supply of buildings and for the present low rents. But to attribute to the tax system the total responsibility for the drop in rents would be as great a mistake as to attribute to it the responsibility for the entire building boom.

H. Congestion

The problem of congestion is not an important one in the Canadian cities. Nevertheless some observations of value may be made. In the first place, there are many indications that the tax system tends to encourage economy in the use of land. A number of persons testified that the pressure of the land taxes made it necessary for them to sacrifice lawns which they would gladly have retained if this had not involved the doubling of their tax bill. The tendency to split up lots in Vancouver is considered by the assessor as significant in this connection. The average building lot is extremely narrow in most of the cities. The movement toward apartment building is strong and the tax system may be partly responsible for this; but, if so, it is probably not the most important factor. These are indications of a tendency toward increased congestion per acre. So far as buildings are made cheaper because of the reduced carrying charge, the exemption of improvements undoubtedly operates to reduce congestion per room.

I. Credit Conditions

There is general agreement that the special land taxes have had no unfavorable effects upon credit conditions. Loanable funds have not been withheld or mortgages foreclosed to any considerable degree because of the pressure of the tax system. It is true, there has been a scarcity of loanable funds recently, but the bankers and business men ascribe this to other causes than the tax system. Two points should be kept in mind, however,

in considering this aspect of the question. First, real estate loans are very conservatively financed. Loans are almost never made upon the security of unimproved real estate. Building loans are restricted to a low percentage, usually less than fifty per cent. of a conservative valuation of the land and building. A large shrinkage in value can therefore be endured without serious consequences. In the second place, the sources of loanable funds are somewhat peculiar in character. Most of the funds come from insurance companies and mortgage companies. The latter sell bonds in the East and in Europe and loan the proceeds upon the security of western real estate. These sources would seem by their character to be less susceptible to influence by factors such as changes in tax systems than might be the case if funds came exclusively from private sources.

J. Speculation

In none of the larger municipalities have the land taxes seriously interfered with the practice of buying land in the hope of profit from an anticipated rise in price. The experience of some of the smaller towns, however, shows that this is only because the tax rates in the cities have been low. It has been demonstrated that it is possible to make the tax rate high enough to counterbalance the prospect for gain and to force the owners of land to surrender it. This amounts to saying that speculation in land can be utterly destroyed by this method. The proof of these propositions may be found in some of the Alberta towns.(1)

In the cities many well informed real estate men testify that, in the past, taxes have not been considered in their calculations. Most of them, however, add that taxes will in the future be taken into account. The experiences of real estate men who have had to carry quantities of unimproved land during the present period of depression will doubtless bear fruit not only in opposition to the land taxes, but also in the practice of more careful discounting of tax burdens. There is no question but that the speculator is now under pressure and that he is now conscious of it. This pressure, it is recognized, is greater than it would be, were concessions not extended to improvements. The heavier taxes mean heavier carrying charges. The possibility of being held responsible for these charges, it is generally expected, will act as a deterrent to some who otherwise would invest. The land taxes certainly have not served to prevent a very great amount of speculation. Whether the amount has been greater or less because of the tax systems, it is impossible to say with definiteness. It is probable that they have exercised only slight effects.

One surprising fact in connection with the situation in the Canadian cities is the friendliness of the speculators to the plan of exempting improvements from taxation. The professional real estate element in all the cities had much to do with the adoption of the single-tax proposals. Indeed, had these interests not been in favor of the proposals, their chances of becoming

(1) Cf. *supra*, pp. 78-81, 129-154.

law would have been very slight. For almost everywhere the professional real estate men are and have been for years past in control of city governments. It is necessary to specify the *professionals* or the statement would be meaningless, for apparently real estate is at least an avocation with most of the residents of the Canadian West. The statistics concerning the number of home owners and the number of cases where such individuals have invested in an extra lot are significant.(1) Almost every one in the region seems to have a personal pecuniary interest in upward movement of real estate values. The primary test of culture, one citizen whimsically complained, was one's knowledge of local real estate values. In addition to this general real estate interest and the professional interest there is yet another—the non-resident interest. But it is the local professional real estate men who have made themselves the effective force in local politics. These are the men who, usually starting with little capital, buy and sell real estate, planning never to hold any piece long and always ready to shift investments, at the temptation of a gain. These men have found it desirable to have themselves elected to their local councils. An analysis of the membership of the various city councils almost always reveals a high percentage of real estate men. In addition there are sometimes contractors or lawyers whose interests are so identified with the real estate faction that their support is assured upon any measure of importance. This is true at the present time of Vancouver. In Calgary the council for a number of years back has been composed largely of men of this type. The council in Edmonton, which has ten members, had only three real estate men in 1914, but in 1913 it had six. The 1912 council is said to have been a "real estate" body, as were the councils of several earlier years. Before 1914 the Saskatoon city council was said to have been composed predominantly of real estate men. The highest percentage was found in Regina, where eight out of ten members of the 1914 council were said to represent the professional real estate interests.(2) Similar conditions have existed in previous years in this city. Under these circumstances, therefore, the general statement can be made that the tax legislation passed by the local councils in western Canada has been passed with the consent of the real estate men.

Why these real estate men should desire single tax legislation is explained when the characteristics of their business are understood. Since they do not expect to hold their land long, often not even over one tax-paying period, they do not object strongly to shifting of the burden to the land. Moreover, in the cities the tax rates have been low and, as has been pointed out above,(3) reductions in the tax on buildings have almost never been made when the step involved an increase in the tax rate. With these objections removed they are influenced by the argument that the adoption of the system will stimulate development. They are eager to encourage anything which promises to assist in increasing land values and nothing seems to be

(1) Cf. *infra*, pp. 63, 100.

(2) Only five out of the ten were in the real estate business. The others were said, however, to have interests which identified them with the group.

(3) Cf. *supra*, p. 266.

more effective for this purpose than the rapid construction of buildings. They are convinced that the land tax stimulates building and, as one of them expressed it, every real estate man "is for all the single tax he can get." They look upon the plan as a bonus to building, and they, being interested primarily in that part of the land which is ripe for building, pay only part of that bonus. Part is borne by the other land owners who had already purchased land when the tax was imposed—purchased it perhaps from these very real estate men. Thus, indirectly, they pay at least part of the bonus themselves.

But this is true only during a period of real estate activity. During periods of stagnation when property is stationary or declining in value, there is no action by these councils toward a further reduction of the tax on buildings. A tenderness develops for those who have been caught with large amounts of unimproved land in their possession. There is even considerable discussion in favor of relief by restoring the old system of taxing buildings. It is evident, therefore, that the interest which has been taken in these tax changes by this class of speculators has in most cases not sprung from any altruistic motive or from a consideration of the fundamental economics of the subject but rather from a desire for direct pecuniary gain which is expected from the operation of the system.

Moreover, it is interesting to notice the changed attitude toward land speculators in general in some of the Alberta towns, where tax rates and assessments have been pushed up to an inordinate height. Here, when the municipality is face to face with the prospect of "bidding in" large amounts of land for unpaid taxes, a feeling of consideration arises for the speculator. It is realized that in some cases land is not being merely held out of use, but is held for future use at the expense of considerable outlay, and that in the meantime, when there is no demand for the land for actual use, the municipality is able to collect taxes on the basis of the prospective future use.

In the larger places, therefore, the taxes have been so light that speculation has not been seriously interfered with. The experience of the towns of Alberta shows that the tax system may be effectively used to drive out speculation.

K. Non-Resident Ownership of Land

What has been said in the preceding section applies equally well here. The non-resident owner may or may not be a speculator. In Western Canada, he almost invariably is. On the other hand, of course, not all speculators are non-residents.

Non-residents are protesting against the special land taxes in Saskatchewan.⁽¹⁾ Thus far, however, there seems to have been no marked diminution of non-resident holdings in the cities traceable to the tax system.

L. Home Ownership

The cities of western Canada show a large percentage of home owners. Certainly the tax system has not prevented home-ownership on a large scale.

(1) *Cf. supra*, p. 34.

Probably it has encouraged it. The decreased carrying charge is an item which appeals to the man in moderate circumstances. It should be remembered, however, that under the conditions present in Canadian cities the reduction of the tax on buildings has meant a net reduction in taxes payable on residence property, the weight of the burden being largely assumed by the vacant and underimproved real estate. Moreover, in the cities the rates have not been so high as seriously to affect the gains to be made through increased value of land. In Vancouver, at least, the expectation of the land increasing in value has been a potent factor in persuading residents to build rather than to rent.

M. *Employment*

The unemployment situation has been very acute recently in the western provinces and there has been some disposition to place the blame partly upon the tax system. Until 1913 not only was private building very active but local improvements were also constructed on a very large scale in all the cities. With the collapse in the building boom and the curtailment of local improvement work in some of the cities, due to the difficulty in obtaining loans, many men have been thrown out of work. The high wages paid until recently has drawn a supply of labor to the region which is more than sufficient during dull times. Some persons are inclined to credit the exemption of buildings from taxation with the spurt in building and to debit this policy with the inconveniences caused by the presence of surplus labor which the building activity has attracted.

N. *General Prosperity*

The statistics presented in Part One(1) show first, that the changes in the cities were made in almost every instance at a time of great economic expansion, and, second, that the changes apparently had no unfavorable effects upon that expansion. Because of the difficulties mentioned above,(2) it is not possible to make positive statements as to the relative effects upon general prosperity in the various cities.

III.

THE SIGNIFICANCE OF THE EXPERIMENTS

The most important question remains to be discussed. Of what value are the Canadian experiments as a guide for action in other cities? What lessons do their experiences teach?

Under Certain Circumstances the Plan of Exempting Improvements Can be put into Operation Without Disastrous Consequences

The experiences of the Canadian cities show that under some conditions the exemption of buildings can be accomplished without perceptible ill effects and with results of considerable social value. There is no doubt,

(1) Cf. *supra*, pp. 30, 48, 63, 101, 123, 208, 237, 250 *et seq.*

(2) *Supra*, p. 263 *et seq.*

for instance, that the measure to some degree stimulates building and discourages speculation. In Winnipeg one-third of the value of the buildings was eliminated in one year and few people seem to have realized that the action had been taken. In other cities similar decreases generally caused little or no disturbance.

The Effects, However, Depend Largely upon Local Conditions

An examination of conditions in the Canadian municipalities leads to the conclusion that the practical results of the plan of exempting improvements are very largely a matter of local conditions. It has been customary to think of western Canada as a region where single-tax measures have been uniformly and conspicuously successful. Such is not the case. In some places the measures have been conspicuously unsuccessful from practically every point of view. Even where the operation may be termed successful, the measures have not achieved the decided and clear-cut effects hoped for and predicted by their supporters. But this is rather a discredit to the supporters than to the system, as some of the effects predicted were clearly beyond the power of such measures to accomplish.

The investigation has shown that in some places the plan of exempting improvements has worked well. In other places it has worked poorly. In particular cities it has given satisfaction at one time and dissatisfaction at another. This means that the success or failure of the system depends upon circumstances. An attempt should then be made to determine what conditions are essential to the satisfactory introduction and operation of the plan.

The Plan has had Undesirable Effects where its Introduction has Involved a Material Increase in the Tax Rate

As has been seen, the cities in most cases found it unnecessary to increase the rate of taxation upon the imposition of the plan. Where there were increases, they were very slight. In the towns, on the other hand, where high rates were found necessary, the results were unsatisfactory. The experience of Canada, therefore, offers no promise of complete satisfaction if local conditions make an increased tax rate an essential part of the transition. What may happen if the increase in tax rates is considerable is shown by the experiences in some of the towns.⁽¹⁾

The Plan has had very Undesirable Effects where its Introduction has Involved a Material Decrease in the Tax Base

It has been the phenomenal increase in the tax bases in the Canadian cities which has rendered unnecessary increases in tax rates. Where the tax base has contracted, the system has been modified, the amount of the levy has been decreased, or very unsatisfactory fiscal consequences have followed.

⁽¹⁾ Cf. *supra*, pp. 78-81, 129-154.

*Where the System was Successfully Introduced Land Values
Were Increasing Enormously*

The fact that the reduction in the tax on buildings has been made almost without exception during periods of great expansion in land values is doubtless of significance. The weight of the burden was borne by values just coming into being. The changes made involved a shifting of part of the tax burden to land, it is true, and undoubtedly tended to depress land values. But it is one thing to take from a man values which he already possesses and another thing to prevent him from receiving values which he probably never expected to possess. The indications are that most of the shock has been absorbed by new land values, large in amount and, to a considerable extent, unexpected and undiscounted. It is evident that the ease of the transition experienced in Canada can reasonably be expected only where this condition obtains.

*Canadian Experience Offers No Evidence as to what the Effects may be
Where Land Values are Increasing Unevenly*

The upward movement in land values in the Canadian cities during the period of transition has been fairly regular and even. One section has rarely gained at the expense of another section. All sections had a margin of new values to act as a buffer. That this is of importance in connection with the amount of distress caused by a transition is evident. The mere fact that aggregate land values are increasing is not sufficient ground upon which to base hopes for a painless transition. The increase must be general.

*The Canadian Experiments do not Show what Results may be Expected
where the Margin Between Loans and Security is Narrow*

Real estate transactions are conservatively financed in the Canadian cities. A wide margin is insisted upon between the amount of money advanced for building purposes and the value of the property. It is seldom that loans are made on unimproved real estate. Under these conditions shocks to credit conditions can be withstood which would be disastrous under other circumstances.

*Canadian Experience Indicates that it is Important to Choose a Suitable
Time to make Reductions in the Tax on Buildings*

In the cities of Canada great care has been taken to launch the reductions in the tax on improvements at times of great expansion and prosperity. The present period of depression has been remarkable for its freedom from steps toward the single tax in the cities. In Alberta, where the plan was imposed suddenly in towns where a rapid expansion was not taking place, the results were in some cases disastrous. In Saskatchewan, where local option was allowed, the towns which reduced the tax on buildings did so gradually and under circumstances which caused little or no complaint.

Since the successful introduction of the system depends upon circumstances it would seem wise, if it were deemed advisable to adopt the general policy, to arrange for its imposition at the time when circumstances seemed most favorable.

The Canadian Experiments have been Confined to Young Cities

The fact that most of the changes in the tax system have been made in the new cities of the West rather than in the old cities of the East is no mere coincidence. There is no doubt that such measures can be more easily adopted at the beginning of things when the effects may be discounted beforehand. There are fewer vested interests which demand protection.

There are also good reasons for the popularity of the exemption of improvements in the young cities of western Canada. The most important one is undoubtedly that the plan offers a weapon against the non-resident speculator. Where the amount of unoccupied land is small and where the non-resident ownership of land is unimportant this reason for popularity would, of course, be absent.

It is seen, then, that the land tax is not a safe craft in all weathers. It cannot be depended upon to give a good account of itself under all circumstances. In the words of one of the citizens of Vancouver, it is, under favorable circumstances, "neither a plague nor a panacea." Certain definite and desirable social ends can be gained through its adoption. These may be gained, under certain conditions, without an appreciable burden upon property owners. These conditions were present when the transition was made in the cities of Western Canada. They were not present when the change was made in the Alberta towns. These conditions do not obtain to-day in New York City. At certain times in the past most of them have been present. They may again appear. The time to make the transition is when land values are increasing. To render the transition painless, the values must be increasing greatly—even in excess of the expectations of the owners. Moreover these values must be increasing evenly. It is evident that any plan which contemplates a regular decrease in the tax on buildings in good years and bad can not claim for itself the virtue of painlessness, no matter how slight the periodic decreases may be. It may be desirable to adopt the policy but it is well to recognize the cost involved. Whether it is desirable to adopt the policy is a question of weighing the gains to be realized against the risks and losses to be suffered.

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